



# ***JPRS Report***

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# **Soviet Union**

## ***Economic Affairs***

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# Soviet Union Economic Affairs

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25 OCTOBER 1991

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Luzhkov on Need for Central Coordination

924A0016A Moscow *PRAVITELSTVENNYY VESTNIK*  
in Russian No 37, Sep 91 pp 4-5

[Interview with Yu.M. Luzhkov, deputy director of the USSR Committee for Operational Management of the Economy, and vice mayor of Moscow, by Ye. Sosnin under the rubric "The Committee Acts": "Our Country's Economy Requires a Coordinating Organ"]

[Text]

[Sosnin] Yuriy Mikhailovich! The USSR Committee for Operational Management of the Economy has been formed and begun its activities. What assurances do we have that in the given circumstance this type of management of the economy is optimal?

[Luzhkov] I must point out right away that the Committee for Operational Management of the Economy is not an organ envisaged by the country's Constitution. It was born, as we know, because something unanticipated happened. In civilized countries, the government can send in its resignation in specific situations. If the resignation is accepted, then a certain time elapses until the formation of a new executive organ and the old Cabinet of Ministers continues to carry out its own functions. A highly unusual situation took shape here when the country's entire Cabinet of Ministers was dismissed.

The economy's administration, though, must not be interrupted, so a nonstandard form of executive power was born and confirmed by the country's Supreme Soviet. I believe that in this difficult period it is the optimal, most acceptable solution. But it is a temporary measure. The country's government must be formed as quickly as possible.

[Sosnin] And how do you see it?

[Luzhkov] It may not even be the same Cabinet of Ministers with its former functions. Most likely that is what will happen. But all the pros and cons must be weighed very carefully.

Why do I say that the necessity for a Cabinet of Ministers might fall away? Today we are witnesses to the collapse of the country's economic system. I repeat, not the economy, the economic system. That is, the economic ties, the existing branch structures, and so on. The economy itself, certainly, is at the same time experiencing unusual difficulties. But it is not falling apart. After all, not a single economic unit has yet declared bankruptcy.

The nature of this unpleasant period that is so exceptionally difficult for the state and our people lies in its powerful centrifugal tendencies, the appearance of which is very simply explained. When the economy works

ineffectively and the people remain impoverished, then political systems, especially those heated up by various ethnic issues, begins to fall apart and acquire centrifugal acceleration. Every conglomeration—ethnic, territorial, or economic—begins to experience an attraction to autonomization and tries to run its economy independently, that is, to distance itself from the center and get through complex times on its own. I think that all this is quite natural.

The presence of such centrifugal forces and ethnic manifestations in the republics must lead to a change in the state system's status. This process is objective. That is why even now it is proper to consider fundamentally different approaches rather than talk about running the country's economy and accordingly about the Cabinet of Ministers. Say, about an organ that could coordinate economic and business ties between the republics, territories, and branches. Note: I am not talking about an administration. That concept must, in my view, drop out of the lexicon. I am talking about the fact that a coordinating organ is necessary for the country's economy, I am convinced. Judge for yourself. Even the Baltic republics, for all their organization, will scarcely be able to survive without economic interaction with Russia and the regions. The economic ties that formed over decades cannot be destroyed without serious losses. Therefore no matter how certain forces attempt in the political sphere to wholly isolate territories and national formations from common tasks and common opportunities, nothing will come of it. I personally look very skeptically on any extreme manifestations, the various declarations of demarcations of borders, and the organizations of customs barriers.

[Sosnin] But how do you see the strengthening of the republic's political and economic sovereignty?

[Luzhkov] If it is a matter of the system being created now, then this must be a kind of political conglomeration of the confederative type with its inherent independence. At the same time it is essential to remember that for many years in our country everything was done in counterweight and contradiction to Marxist theory on the foundation role of the economy. Leaders at all levels made politics paramount. Economics, in their opinion, should be its handmaiden. This is the principal mistake that led the Bolsheviks to such deplorable results. For the sake of political goals, they helped certain countries maintain regimes at the USSR's expense; for the sake of political goals they created the army's extremely high potential. They poured enormous sums into space projects. In short, a great deal went on.

The time has come to understand that "her excellency" the economy is running the show. Once we get the feel of it, once we put everything in its proper place, then we will see that the political system must gradually adapt to the given economic foundations. In the process, autonomization can induce changes in the economy that are directed at greater independence for the republics. There

is nothing surprising in the fact that in time they will even have their own currency.

At the present stage, however, it is important to refrain from introducing boundaries between republics, customs barriers, or the various elements of political and economic protectionism. We must refrain from all of these. Only then can the system function in a normal way. Although I do not exclude us operating within a single economic space on the basis of average world prices. I have no misgivings about the fact that in the long term there will be full autonomization of economic structures. After all, sensible, rational economic ties will persist, I am sure. They are not subject to politics. To support this I can cite the following example. The Ukraine has relatively rich economic potential. But it has been done out of its fair share of lumber, the demand for which is very high. It is able to compensate for this lack by means of market relations with other regions. There is nothing terrible in the fact that the majority of the republics wish to conduct their foreign economic activities independently.

What is important here, though, is not to allow a repartitioning. A repartitioning on the political level. In other words, if we are going to start erecting borders, establishing customs tariffs, and complicating the population's movement, then what will follow will be irreparable. In my view, in our critical situation we must look at the experience of the civilized countries much more often. That is where we can learn something.

[Sosnin] What is in the forefront of activity for the Committee for Operational Management of the Economy today?

[Luzhkov] The salvation of the state as such. After all, a civilization can develop normally only given the most essential conditions—first and foremost, the provision of food and goods of daily use in a specific assortment and amount. Unfortunately, both of those are in profound disarray here. Therefore the stabilization of the economy and production, and the most important thing—food provision—these are the basic directions of the committee's activities.

[Sosnin] Since you have brought up the subject of food, I would like to know how you judge that situation?

[Luzhkov] Badly. I can give no other evaluation.

[Sosnin] What types of food are in shortest supply?

[Luzhkov] You would do better to ask what is not. I could not name a single item that is not experiencing problems. The country is having significant difficulties with resources of grain, potatoes, vegetables, oil seeds, and sugar beets. A significant decrease in production is expected over last year for meat, milk, eggs, and other animal products.

[Sosnin] One of the first documents of the Committee for Operational Management of the Economy was, as is

well known, a resolution providing for measures to normalize the population's food supply. Could you comment on that decision?

[Luzhkov] The document in question bears two principles: its disciplining and economic natures. That is, the leaders of agriculture enterprises must fulfill their obligations toward the state for supplies of output, for which all of them will be bearing personal responsibility. Second is using economic methods to influence the processing of agricultural output. Moreover, right now measures are being worked out to increase economic accountability for nonfulfillment of contractual obligations and violation of the supply discipline.

[Sosnin] Is this compatible with the principles of market relations? Is there not an extortion of output going on here?

[Luzhkov] What extortion? Take grain. In comparison with last year its gross harvest is expected to be 35 million tons lower. But even in this in several regions the purchasing for state reserves is going very badly. By early September we had only 29 million of 77 million tons. How can we view this?

I think that the evaluation here is unambiguous. In this complicated situation, certain kolkhoz [collective farm] and sovkhoz [state farm] leaders are making a fortune off of these difficulties.

[Sosnin] But after all, any economic planner could find dozens of justifications for breaking contractual obligations given the fact that they are in the same exact situation with respect to the receipt of resources.

[Luzhkov] No, demand here must not be one-sided. We need to introduce strict responsibility, strict procedure. But, as they say, you do not administer discipline, you achieve it through economic sanctions. And we intend to do everything necessary for this.

[Sosnin] As vice mayor of Moscow, you are responsible for the capital's food supply. What can you say to Muscovites with respect to prognoses for the near future?

[Luzhkov] The situation remains serious. But not hopeless. The so-called import campaign is starting, that is, the preparation of agricultural output for the winter period. Several regions that supply the city with potatoes are not having good harvests. This means that resources are limited. Moreover, so-called local egoism has gone into effect, too. For instance, the leaders of Ryazan are offering to sell potatoes for 2 rubles [R] a kilogram. Add to that price expenses for transportation, storage, and sale. The buyer would have to spend R3 at a minimum. Will many be able to afford that? Hardly.

So that there are many questions. But I must say that if the necessary quantity of potatoes, vegetables, and other output are not put by in the city, then I will consider my mission as a leader of the city unfulfilled.

[Sosnin] Do the events of our "hot" August not influence the implementation even of passed social programs?

[Luzhkov] No, there are no fears in this respect. Moreover, it is planned to introduce the issue of the formation in the regions, krays, and oblasts of social defense funds for examination by the Committee for Operational Management of the Economy. Funds for these purposes will come from the commercial activity of both state and private structures. The mechanism of this interaction has yet to be worked out, but we are searching for approaches.

[Sosnin] Right now much is being said and written about assistance for the USSR from the developed countries of the West. Is there any hope here?

[Luzhkov] At this stage I would not like to make any predictions. But consultations in this direction are going on. Therefore there is hope.

[Sosnin] We know that during the August events prohibitions were imposed on certain foreign economic operations. Have these barriers been lifted?

[Luzhkov] Yes, that problem has been taken care of. The authorities of the USSR Bank for Foreign Economic Relations to fulfill its functions in carrying out all the operations provided for by its charter have been confirmed, as have the authorities of the bank's chairman.

#### **Military-Industrial Conversion Problems Discussed**

*924A0051A Moscow NEZAVISIMAYA GAZETA  
in Russian 18 Sep 91 p 2*

[Article by Oleg Rosnitskiy: "Successful Reform Impossible Without Conversion"]

[Text] Exactly two weeks prior to the events of 19-21 August, in an article entitled "How To Carry Out the Conversion" (Issue No. 92 of NEZAVISIMAYA GAZETA, dated 6 August 1991), the leadership of the VPK [military-industrial complex] was referred to as a force for resisting the conversion and also one which is blocking structural improvements in the economy and the carrying out of radical economic reforms. On 19 August, this force was manifested in an extremely illegal form: four of the eight members of the GKChP [State Committee for the State of Emergency] were high leaders of the VPK. This circumstance obligates us to return to the conversion problem.

Over an extended period of time, including the years of perestroika, we were persistently informed that our defense expenditures were expressed in very humble figures, on the order of several tens of billions of rubles. The last of the officially mentioned figures was 96.5 billion rubles in the 1991 budget. However, it long ago ceased to be a secret that this was only a small portion of the actual expenditures which the VPK is carefully concealing. Thus neither the scientists nor society have

reliable information at their disposal and therefore they can operate only on the basis of certain estimates.

Strange as it may seem, the initial breach in secrecy obviously occurred as a result of carelessness. One of the leaders of the GKChP, a former premier, on 22 March of this year, based upon the need for parity with the U.S.A., estimated our military expenditures to be roughly equal to those of America—300 billion dollars annually. Compared to this fantastic figure for our economy is the very humble and yet more convincing sum of 480 billion rubles, obtained by V. Pervyshin, which exceeds the official figure by a factor of five! Many specialists estimated our military expenditures as that proportion of the national income that is senselessly swallowed up by the VPK and they obtained a huge figure—from 50 to 70 percent!

The VPK passes over this delicate situation in silence. On 13 August, the former premier, during a RAB-OCHAYA TRIBUNA interview that involved an extensive discussion of the private and public realities of our socio-economic life, ignored the question of military expenditures, and the word "conversion" generally was not even mentioned. And the spirit of the declaration by the GKChP conformed fully to this position, with the populist slogans not being reinforced by any economic considerations. And the character of those participating in the junta left no doubt but that the coup was undertaken to please the VPK.

Now, once again, the creators of the program "500 Days," Ye. Yasin and G. Yavlinskiy, find themselves in the orbit of the radical economic reform. But indeed this program also has made no provision for a complete and decisive conversion. Is a change taking place at the present time? As yet, no signs of a radical change in the approach to the problem are visible. Although many competent scientists assume quite fairly that only a comprehensive and rapid conversion of the VPK can ensure a deceleration in the "free fall" in which our country now finds itself. Moreover, it should not be a "general" type of conversion in which, for example, the Soviet VPK becomes intent on modernizing the Chinese VPK in exchange for consumer goods. We still do not have any reaction by the new leaders to the old alarms of specialists, alarms which have been triggered constantly in recent years in connection with the carrying out of the pseudo-conversion.

The question of foreign assistance in carrying out our conversion is of extreme importance. The most outspoken defenders of the VPK persistently inspire us with the thought that this assistance is in pursuit of one single goal—to disarm our country—and that we, like it or not, will be forced, just as in the past, to wage an exhausting struggle for parity. I dare say that this is not so. The rich country of the U.S.A. is also interested in carrying out the conversion of its own VPK, since excessive military expenditures, which have a zero effect on economic effectiveness, weaken the U.S.A. in its competitive struggle against such countries as Japan, the military

expenditures of which are negligible. In addition, such expenditures limit investments in the creation of new technologies. It is by no means an accident, even in such militarized firms as the Rand Corporation, that the scientists are developing concepts for a simultaneous conversion in the U.S.A., the USSR and China. It is advantageous for the Americans to invest definite resources in our conversion and to release funds for their own conversion and also for solving other problems. It is worth noting that the Pentagon is displaying initiative directly in reducing the armed forces, abolishing military bases and carrying out the conversion.

We are constantly referring to the restrictions imposed by COCOM [Coordinating Committee for Multilateral Export Controls] in connection with supplying the USSR with the newest dual purpose (military and civilian) technologies, as though today, with the production of elementary human blessings almost lacking completely, there is nothing more important than these very dual technologies. And from both the West and the East, we are told over and over again: we will aid you in both word and action and we will give you money, but only for converting the VPK and not for nurturing it. Perhaps international negotiations should be carried out on conversion, similar to the negotiations on reducing armaments? Indeed, is this not essentially one and the same?

In the process, we will be confronted with the question of the defensive adequacy of our armed forces. And here the idea arises concerning the creation of a system of collective security on a global scale, with the participation of many countries—both those possessing great economic potential (the "Big Seven") and those with large populations and territories (China, India). In view of the fact that with the disintegration of the OVD [Warsaw Pact Organization], we became dangerously alone, our politicians and military strategists do not view collective security with USSR participation as a sin.

Mention must necessarily be made of today's practical problems that are concerned with conversion, problems which touch upon the interests of many millions of defense industry workers. We must encourage the organization of open sectors of production involving foreign partners, we must ensure freedom for foreign economic activity and we must further the use of a portion of our excessive mobilization reserves for stimulating civilian production. In the process, it should be borne in mind that the command-administrative system was realized most fully in the defense industry, which deprived its workers of economic independence and entrepreneurial activity almost completely. In order to overcome this barrier, a type of conversion committee should be created at the defense enterprises consisting of capable and enterprising workers with good foresight and vision. By studying market conditions, developing contacts and holding negotiations with domestic and foreign partners, they will gradually form a definite intellectual environment that will lend itself to effective action in a market economy. In order to realize these conditions and a confident future, there must be agreement with regard to

the possibility of denationalizing the defense enterprises and encouraging joint stock company operations and their purchase by the labor collectives. Who knows, perhaps these conversion committees will become genuine rescue committees—for rescuing our economy!

A priority task in this regard is considered to be that of creating a bank for information on production capabilities, intellectual potential and the financial status of converted enterprises, similar to firms found extensively in the West, firms which deal in such information. We must overcome our inclination towards all types of secrecy. In order to include state enterprises, new domestic structures of the market economy and sound foreign firms in this conversion work, a broad information network must be created within the country, with the republics, individual regions, enterprises, exchanges and their associations being included in this network. This was noted in a question directed at B.N. Yeltsin during a recent television broadcast involving the two presidents and the U.S.A. It bears mentioning that the response by B.N. Yeltsin was extremely puzzling, since, in his words, we are again preparing the next "breakthrough" in the field of electronics. We must reconcile ourselves with the understanding that at the present time we are unable to realize such "breakthroughs." This network must be created jointly with foreign partners: take perhaps not the most modern equipment "at the lowest price" and through joint efforts create an information network which will ensure a systematic approach. For it is precisely the absence of a systematic approach and, assisted by various cooperatives, the saturation of our domestic market with various types of poorly compatible information equipment that is continually confusing and complicating the problem of information, needed for facilitating the inclusion in an economically effective conversion both state and domestic enterprises as well as foreign industrialists.

The foreign political association includes as one of its tasks that of furnishing maximum assistance in carrying out the conversion. All of us, from presidents down to the rank and file workers, must realize that the tremendous scales of a military economy, which are so wasteful so far as man is concerned, preclude the possibility of improving the life of the people. The only path for such improvement—"humanization" of the VPK by means of extensive conversion. Resistance to such conversion constitutes an anti-national policy.

#### Gosbank Chairman on Benefits of IMF Membership

92UF0066A Moscow *IZVESTIYA* in Russian 10 Oct 91  
Union Edition p 2

[Interview with V. Gerashchenko, chairman of USSR Gosbank, by TASS correspondent A. Markov: "What We Will Gain from Membership in the International Monetary Fund"]

[Text] The Soviet Union has become an associate member of the International Monetary Fund. Chairman V. Gerashchenko of USSR Gosbank commented on this event at the request of TASS correspondent A. Markov.

[Gerashchenko] The fact that our country was allowed to join the IMF is certainly significant. Although we applied for full membership, they decided to offer us the status of special associate member for the time being. The fact is that full membership presupposes a lengthy procedure in which several expert appraisals are conducted to judge the economic potential of a country. This takes at least a year even in states with fully developed market structures. Think how long it would take in our country, where the economy was artificially isolated from the market!

The status of associate member allows the IMF to begin offering the USSR technical assistance in the country's transition to market relations. This is comparable to the amber light on a traffic signal: You cannot go yet, but you can get ready to move if you want to join the flow of traffic as soon as you see the "green light."

The IMF is willing to begin rendering this aid immediately. The economic areas in which it will be rendered first include macroeconomic policy, financial planning, banking, economic statistics, and others. Besides this, membership in the Fund represents a guarantee for those who wish to invest in our economic projects.

[Markov] Expert appraisals and consultations will require financial expenditures. Who will pay for these consultations?

[Gerashchenko] These operations will be financed by the Fund for the time being. In the future, when the country becomes a full member, our quota and our financial contribution will be set.

[Markov] When, in your opinion, will the Soviet Union be granted the status of full member?

[Gerashchenko] Membership is usually granted at the session of the Fund in September. It is difficult to say whether we will be granted this status at the next session. This depends on many factors—economic and political. Several expert appraisals have to be conducted, the country's potential has to be determined, and its quota has to be set. Until an inter-republic economic agreement has been signed, this will be difficult.

[Markov] You mentioned the economic agreement. What kind of benefits will the country's membership in the IMF offer the republics not wishing to sign it?

[Gerashchenko] A special article of the agreement on the country's membership in the IMF envisages the possibility of the assumption of partial or total commitments by republics. The benefits of membership in the prestigious international organization will be apparent to all quite soon, beginning, of course, with the technical aid.

#### Methods of Improving Government-Business Relations Proposed

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Union Edition p 3

[Article by V. Danilenko, professor, doctor of juridical sciences: "August 91: Whose Revolution Was It?"]

[Text] When the August events are discussed, most often emphasis is placed on the blitz coup and its collapse. However, this is only one aspect of the problem. There is another—the blitz revolution, for which the coup was the detonator; revolution in mild forms, but with uncompromising political consequences: a radical change of forces controlling power levers, a decisive defeat of totalitarianism, the core of which was the CPSU, and transition to an open change in the social system. Precisely this revolution in time will become the basic object of researchers' attention. Today, being close on the tracks of events, its role is not yet felt in an especially acute manner. Tomorrow it will become obvious. What kind of revolution is this and what can await us in the future in connection with it?

#### Nature of Revolution

As is well known, this nature is predetermined by the political orientations of those who head the revolution and their concrete steps immediately after the victory.

The orientations of democrats, who were the moving force of the August events, are well known: in policy—ideological pluralism, a multiparty system, and real freedom of the individual; in the economy—market relations, a multistructural nature, private property, and freedom of entrepreneurship. If one searches for analogies in history, all this signifies a bourgeois-democratic direction of the struggle. True, if it is the latter, "democratic" is admitted openly. If it is the former, that is, "bourgeois," it is preferred not to parade it especially. No one hides the ultimate goal—rejection of the socialist choice. What else remains? However, it is not a matter of terms. It is a matter of essence. Democrats went to the barricades not only for the sake of democracy, but also for the sake of a radical change in the economy, destruction of state monopolism, and freedom of entrepreneurship—there is nothing to argue about here.

And what is the result? The first practical steps after the victory are significant: crushing of the nomenklatura-bureaucratic CPSU apparatus in the center and in localities, suspension of party publications during the first days, withdrawal of party property, personnel reshuffles in the higher echelon, dismantling of the mechanism of interaction of the party with the army, the KGB, and the Ministry of Internal Affairs, and beginning of a far-reaching reorganization of these departments. All this is understandable to a certain extent—the defeated opponent is not treated with excessive consideration (one can imagine what this very opponent would have done if success had been on the side of the putschists).

And next... One after another conflicts begin to break out between the new power and entrepreneurs, whose interests are badly affected by some decisions of the victorious democrats. Things got to the point of an open clash—a demonstration of protest by entrepreneurs at the walls of the Russian Parliament and an almost ultimatum-like threat on their part to declare Moscow a zone unfavorable for business. Then, in whose interests was the August revolution carried out and what are its real aims?

Here, apparently, it is necessary to take into consideration the distinctive nature of events: The struggle for the freedom of entrepreneurship, in fact, was waged without the participation of the entrepreneurs themselves. In this case it is not a matter of specific representatives of private business, who were at the White House during the August days, or helped its participants materially, but of entrepreneurship as a class. The latter was excluded from the events. In my opinion, there are objective reasons for this.

First. The revolution was totally unexpected not only for entrepreneurs, but also for the democrats themselves. No one prepared himself for it, or developed plans for possible actions. The revolution caught everyone by surprise. Hence the haste and inconsistency in the first steps.

Second. Entrepreneurship as a class has not yet been formed in our country. Therefore, the logic of development of events sharply differs from what was, for example, during the period of the bourgeois revolution in the West. There the class of entrepreneurs gathered strength from the beginning. Precisely it headed the struggle for political power and, naturally, immediately after the revolution received its basic fruits. In our country, however, the idea of freedom of entrepreneurship appeared first, later a revolution was carried out in its name, and, as it is assumed, only after this is free entrepreneurship supposed to receive the green light.

Third. A weak state confronted the bourgeoisie of Western countries during the period of the revolution. It strengthened as the bourgeoisie itself strengthened, which facilitated mutual adaptation and coordination of interests. In our country, however, the emerging entrepreneurship must deal with a powerful and, moreover, antagonistically disposed state machinery. Its power lies not only in administrative strength, but, what is even more important, in the surviving monopoly of state property. For now any competition is hardly possible: The forces are too incommensurable.

No matter how regrettable this is, as yet reforms have not assigned even the role of a junior partner to entrepreneurs (let us recall how meetings between representatives of the Russian Government with entrepreneurs are held—it is good that at least they agree to meet with them). Official power dominates completely. It is the master of the situation. And it will act only in a way that is advantageous and convenient for it. As yet there is no

counterweight to it in society. This is an extremely dangerous situation—in a civilized market-type society this does not happen—and, of course, this situation will affect both all subsequent transformations and the way relations between official authorities (that is, democrats) and entrepreneurs are formed concretely.

#### A Russian Reagan Is Needed

The words and deeds of democrats do not interface in everything.

This was also observed earlier, but became more vivid after the revolution. In words—adherence to democracy. In deeds—active strengthening of executive power. Of course, the latter must be reformed significantly, but legislative power needs reforms to an equal degree. Transformations of both links should proceed simultaneously, in interconnection. A distortion in their mutual relationships and an upsetting of the balance are inadmissible, but precisely this is beginning to be visible. An attempt on the fundamentals of democracy is on hand.

Moscow established its own government and its own ministries appeared. Why? Did we not have enough of them in the republic and in the Union link? Yesterday's socialist sectorial economic management system, which became completely bankrupt, was de facto lowered to Moscow's level. Again, why?

A truly explosive growth of the bureaucratic managerial apparatus is observed after the revolution. In particular, the replacement of 33 rayons in Moscow with 10 prefectures, in practice, is developing into more than a double increase in the number of managers. A monster, which can prove to be no less terrible for society than the one that has just been overthrown, is arising in front of our eyes. After all, there is no difference between the communist bureaucrat and the democratic bureaucrat: The same bulldog's grip—nothing is let go of.

The example with the establishment in Russia of its own central bank is significant. It would seem that this is a blessing, a step forward! But in real life? Russian financial officials, along with the administrative system of the USSR State Bank, very quickly built their administrative apparatus—more than 2,000 cash settlement centers. The monopoly of interbank settlements has remained unshakable. The difference is only that now this is a monopoly servicing the power of democrats. The speed of settlements, even as compared with the years of stagnation, has declined severalfold. And this is called a movement toward the market? More likely, it is a real war declared by commercial banks.

One can turn to more individual examples. The collective of Moscow's 21st taxi pool, which is leased, a long time ago collected the money in order to buy the enterprise. The result? Zero. It is not permitted to do so. It turns out that the Russian law on privatization by no means guarantees privatization itself—instructions, a privatization plan worked out in advance, and so forth are needed. Forget the taxi pool! Svyatoslav Fedorov

himself with his influence complains everywhere that it is not permitted to privatize the Center for Eye Microsurgery. Again, after the victory of the August revolution.

Is there an explanation for this? Does everything not happen in this way, because today's democrats are basically yesterday's communists? Goals and political orientations have changed, but the perception of the world, mentality, and the mode of operation are as before. In addition, the situation has changed sharply. Yesterday, when the communists were in power, it was advantageous to fight for privatization. This automatically weakened the possibility of rigid control over society on the part of the CPSU. Today privatization would mean a limitation on the power of democrats—and this cannot fail to correct their political sentiments.

What is there to say, the conclusions are not very optimistic. Undoubtedly, market transformations will proceed. However, their rates and scale may prove to be not what one would wish and what they seemed before August. Most likely, privatization will be bureaucratic. The market will be introduced from above, without relying on the self-organizing principles of a civilian society and retaining the maximum possible control over the development of the situation. This will hold back economic reform as a whole, prolonging and aggravating the people's burdens.

Nevertheless, life will soon put everything in its place. But one thing is obvious—new approaches are needed.

We very much need a Russian Reagan. A person who thinks in totally different categories. A person capable of placing the main stake on private entrepreneurial interest, which, as historical experience indicates, is the most effective force. It is not important what this new generation of politicians will be called. Possibly, they will be neo-democrats completely free from the vestiges of communist mentality. In one way or another, these future leaders will have to radically restructure the mechanism of interconnection between business and government. The government should not condescend to entrepreneurs. It should live their interests, promoting them in every possible way. After all, precisely business, not the state, must feed and clothe the country. Moreover, power itself should be organized on market principles, providing for extensive legal possibilities for the effect of business on decision-making processes. This will ensure the counterweight to arbitrary bureaucratic rule.

However, it is impossible to do without a counter-movement here.

#### **Business and Policy**

Entrepreneurs themselves also deserve sharp criticism. Their actions in the political arena are not professional. They will in no way cross the most important line, where they are transformed, if we use the well-known expression, from a class "in itself" to a class "for itself," where they become aware of their own political force and

importance. The following admission by a manager of one of our biggest private firms, which was heard over the radio a few days ago, reveals his real intention: "Policy does not interest me. I only want to deal with business." These are the primary sources of problems encountered by A. Tarasov, E. Tenyakov, and thousands of other less famous businessmen.

This orientation is archaic. Its era was the beginning of the 19th century, when there was a "minimal" state, resigning itself to the function of a "night watchman" (that is, overseeing only public order and leaving all the rest to private initiative). Such a state has not existed anywhere for a very long time. Why to start with Adam and Eve? Today, in order to do business, it is first of all necessary to deal with policy—especially, in our country.

What makes a state in any modern civilized country strong? Taxes obtained from private business. And what are the sources of flourishing of private business? A competent economic, including tax, policy. There the state and private business are doomed to be allies.

The error of our entrepreneurs, first, lies in the fact that in no way will they grasp this truism. For the time being, they prefer knowingly doomed, forceful, confrontational forms of mutual relations with the authorities. Yet a businessman conflicting with the authorities or turning away from them ("business is my only business") is a bird with clipped wings.

Second, through force of circumstances being, nevertheless, forced to engage in policy, our businessmen try to do this themselves. But little is and will be achieved. They must either themselves sit over textbooks, or turn to professionals. In the West a totally separate sphere of activity—political business—has existed for a long time. It should be mastered. What this is specifically is a topic of a separate discussion. In brief, owing to it, an efficient interaction between business and government is ensured and the actions of government structures are oriented in accordance with entrepreneurs' needs. As a rule, the total scheme of interaction includes the following directions:

First of all, the organization of business itself as a political force and the establishment of large entrepreneurial organizations are needed. Such organizations have already appeared in our country, but the situation greatly resembles what is happening with political parties: There are many organizations—they are diverse, disconnected, and weak. Consequently, combination, coordination, and consolidation of efforts are needed.

Interconnections between business and political parties are necessary. However, here too everything is not right as yet. At first parties were established and only later did they begin to search for an appropriate social base for themselves. That is, headquarters appeared, but without troops. Troops—large social groups—remain by themselves. I would like to note that in civilized countries, usually, everything happens in reverse order.

There is a need for an appropriate legal regulation of election campaigns, which would officially enable business to have an effect on the results of voting. This would establish the prerequisites for a conflict-free interaction between entrepreneurs and official authorities in the future. The means of effect at the disposal of business is well known—money. This is a powerful means. Consequently, without fail there will be a need for a carefully thought out system of countermeasures capable of protecting democracy—a strict limitation of the amounts of permissible private donations, general limits of pre-election expenditures per candidate, and, above all, a mechanism of state financing of elections in general and of pre-election party activity in particular.

Finally, a detailed legal regulation of lobbying activity is necessary. This is the most effective tool of interconnection between business and government structures. At one time we actively criticized this institution. Today it must be admitted that in any civilized country legislative work is simply inconceivable without it.

If mutual understanding between entrepreneurs and authorities is not found, then frictions and conflicts between them will increase. It is not ruled out that in such a case, ultimately, we will encounter another, now already openly bourgeois, revolution, the basic moving force of which will be the middle class.

It is possible, however, that entrepreneurs will learn to find a common language with the government and will find the key to it. This is a very effective method and in many cases is already being actively mastered in our country. Thereby, open conflicts will be eliminated. True, as a result, society can suffer even more, because such "mutual understanding" can only be built and large-scale corruption, this genie, will never be put back in the bottle.

Undoubtedly, the third alternative—to impart modern civilized forms to relationships between private business and the authorities, placing them on a precise legal basis—is more preferable. Then entrepreneurs will not have to go on strike and deliver ultimatums. In turn, society will be able to efficiently control all their actions, preventing attempts on democratic institutions.

And everyone will be the winner.

#### Economist Sees Shortcomings in Privatization Legislation

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[Interview with P. G. Bunich, academic economist and USSR peoples deputy, by Yu. Popov: "The Last Repartition"—paragraphs in bold are *TRUD* introduction]

[Text] The political passions of August, the rebuff of the junta's attempt to turn the country backwards, the overcoming of the overt and concealed opposition of its adherents in the localities has put off for a time the solution of one of the fundamental problems of every revolution—that

of property. And now is the right time to be worried: having achieved a conclusive turn towards democracy and the freedom to live not according to orders from above but according to one's own understanding, how soon will we secure our daily bread by this understanding and not ask for it from the rulers! Only when we not in words but in deed become owners of a specific share of the public property that for so many years had been considered indivisible—P. G. Bunich, USSR peoples deputy and well-known academic economist, is convinced.

Our conversation was devoted to the mechanism for distributing these shares—from his point of view the initial step of the privatization of state property.

[Popov] Pavel Grigoryevich, when inserting a cassette into the dictaphone before coming to see you, I discovered on it the recording of a discussion in the already now former all-union parliament—the discussion of the draft law on privatization. And a half year has not passed up to this point—and only three months have passed since the adoption of a law on the same thing by the Russian Supreme Soviet. However, the situation has changed so radically that it forces one to look at these documents with different eyes. How can one assess them today?

[Bunich] The all-union law has simply lost its meaning—there is practically nothing to extend it to—of an economy which could have been passed into private hands. Almost nothing remains on that level. And, perhaps, thank goodness, because this law was more conservative than practically all the republics. Especially if one compares it with the Russian law. Of course, the struggle of the conservative and radical forces was reflected in this document. But today, it seems, the point is not even in what form it was adopted but in the fact the forces of opposition have been smashed after the putsch and in the course of implementation it now no longer will be bent to the right. On the contrary, through the normative documents, without which a law cannot function, it will begin to "move to the left."

There is such a term—"the terror of the surroundings." And so it forces one to adjust the legal bases in a revolutionary manner.

Another thing causes misgivings. Today, as far as I know, the normative documents are in the embryonic stage. They have barely got down to work on them. And there is great doubt whether we will be able to begin privatization on 1 January. In particular, before getting down to work on it, one needs to evaluate all state property. Without this a very great injustice may occur: some will get good property for next to nothing and others—junk for an enormous sum. Such was state price setting for us. And the danger of a new explosion and of a new repartition of property will arise.

In my opinion the funds ought to be evaluated from the point of view of today's market value. If an apartment in one area costs 100,000 and 200,000 in another, one ought to proceed from this before summing up the value

of the entire housing fund prior to its repartition. Or let's take a machine tool which secretly goes for 150,000 today—let it be valued at 150,000. Here, of course, one must take into account the fact that at today's auctions the prices are always too high. The demand is very great there and the supply minimal. But if this market becomes normal, where all goods will be set out, supply will increase while demand remains the same and prices will fall. Incidentally, the same thing also with apartments. Those which today they fork out a stupendous million for at the teleauctions will not be higher than 200,000 with a free supply. But also it will not go at the rate of 800 rubles per square meter or for 90 as often happens now.

[Popov] Okay, such an evaluation will increase the share of each of us. It is easier moreover for the inhabitant of an outlying district to become a full and equal possessor of his own "Khrushchevka" than one registered in the center, in a house built in Stalin's time. However, the majority so far relate to auctions with prejudice, and what is more to the market evaluation of property. But how is an objective price to be determined and justice observed without it?

[Bunich] The lesser share of state property will preferably go through auctions and competition. According to the Russian law, I think, about 60 percent all told will be distributed to people free of charge. Theoretically, you will get in your hands a receipt on which will be written: R30,000. And the rest will have a similar receipt. But a real evaluation of state property is needed even with free privatization. You will ask, how is this to be done without the market? One will have to look for surrogates. A poor watch is better than none at all. Inventory commissions need to be created under the funds for the management of state property. There will be rather many of them—you can't count the objects. But let's designate another route. There is also the danger of corruption—some bureaucrats will appraise a given object at a low price for a bribe. This has to be outgrown. Otherwise the present predatory privatization will go on. They all undercut each other on the basis of the balance-sheet prices, and with a deduction for wear and tear.

When you came I was talking on the telephone about one cunning dealer who bought a building for 780,000. His price is not any less than 5 million. And with time it will stretch to 25 million.

[Popov] Not only smart dealers but entire ministries have become involved in privatization before there are any laws. Last spring I happened to write about the Ministry of the Shipbuilding Industry where the leaders have created a concern out of half a hundred plants without asking permission either in the parliaments or from the labor collectives. And they agreed to sell nearly most of the ship construction program planned for the five-year plan to one of the international firms—for the promise of foreign exchange loans, without any apparent advantage for the ship-builders themselves, and for the

regions where these plants are located. While the parliamentarians argued the bureaucrats were already engaged in privatization.

[Bunich] And all this for pennies...

[Popov] But, it seems, one cannot help taking into account the interest of the labor collective in the state property which they have served for long years and even decades. At one of the large Leningrad plants I happened to run across a quite sceptical opinion of the free distribution of the property of a major industry. There they think that the part of this property created during the past five years in the process of the khozraschet activity of the collective—and this is 15-25 percent of the enterprise's present value—ought to pass to the plant workers through free shares. And if the remainder is to be bought back, its own workers should have the advantage.

[Bunich] I categorically don't agree with this. It's a feudal approach. All that we created, allegedly on the basis of khozraschet, you can't actually call it that. Some had high prices and they put aside considerable profit. Some had no taxes whatsoever but, on the contrary, continuous subsidies. Some had advantageous payments into the development funds and others—the other way round. It is incorrect to think that the one who started working in recent years can be the owner of all that was obtained. In the general confusion there can be no fairness.

[Popov] Most likely. Here one may recall our conversation with you of two years ago when you said that under such an approach some will get Uralmash and other barber's scissors.

[Bunich] And it may turn out that there are very many of those who will remain without any property under such an acquisition. No, if there is to be a divorce let there be a sharing both in an amicable way and as an honest man: in leaving the wife you don't take anything. Otherwise nothing will ever be settled. Again the important officials characteristically hold on to "theirs." They try to speculate on the moods in the labor collectives. And there, of course, they have become aroused, it seems to every one as to how will one get ownership of one's own plants for nothing. But let these workers, these engineers think for a while about other labor collectives that have practically nothing in immovable property. Let them think about the teachers, doctors, servicemen and the many others who have nothing to divide in general and not because they have worked worse.

[Popov] And about journalists. Here, incidentally, is the example of our newspaper, a comparison. Several years ago I happened to have visited Dneproges. There 300 and more persons annually secured a profit of about R60 million. We have in the editorial office approximately as many employees and the profit was the same before the rise in the price of paper. But so much property will come to the power engineers in the transfer of even a part of the hydro-giant which truly was created by all the

people. As for TRUD—only the editorial staff furniture since for decades all the profit obtained through the millions of subscribers went into the cash-boxes of the trade union as well as of the party and state centers. From whence not a kopeck was returned for the acquisition of printing facilities and equipment. But wasn't the popularity of the largest newspaper in the world created there, which today, in the transition to the market, has to begin with almost "zero" property?

[Bunich] You have intellectual accumulations at least. But with what will the pensioners be rich? Okay, they will beckon one to the plant where he worked for decades and offer a little piece of the enterprise in question. But what is there for a veteran from a defense plant to lay claim to—they will not divide it? For the charlady from an academic institute? And even for a grey-haired male scientist?..

A whole mass of unresolved contradictions arises here. One person went on pension from a very old plant that goes back to the time of the Demidovs five days before privatization, having worked there his entire life. Another succeeded last year in transferring to a brand-new enterprise and in jumping to a "wagon" that is more costly. Who will get what? You see, there are those who their whole life have jumped from better to better place—they will precisely find themselves with someone's capital.

[Popov] Which is unacceptable also from our customary moral point of view. In our, and not only in our, society there is respect first and foremost for those who have been committed to their profession, their enterprise, their city. It would be especially unjust to do them out of their share. It may be that it is really more correct to carry out a final repartition, having started all with an equal share, from the "zero" variant as it is usually put. Especially as in the course of the discussion the amount of the national wealth due each of us was already designated.

[Bunich] In the Russian Supreme Soviet, when they in estimative fashion divided the republic's national wealth by a population of 150 million, they designated the sum of 7-8,000. But they didn't adopt it. And they did right. Intuition did not let the parliament down although they tried to persuade the deputies very much. You see, again they proceeded from a balance-sheet evaluation not even close to the market. And there were proposals to divide on the basis of length of service but you see length of service bears a relation only to those presently alive while the national wealth was created by the fathers and the grandfathers and even older generations—that which was nationalized 70 years ago. They suggested taking skill and effort, and, therefore, wages into account. Theoretically true. But is this thing conceivable if they all rush out at once to gather certificates? What a staff will be needed to do the accounting... No, it's still truly more reasonable from "zero."

[Popov] And to some "x-hour" like the revolution which took place in the night from the 24th to the 25th of the month that is memorable to all of us?

[Bunich] No, it will be "the reverse" to October, with a different sign. There they took away—here they will give back. But it is necessary, I repeat, to immediately begin an inventorying and an evaluation of all state property. Simply lunatic energy is needed to do all this before 1 January. And to entrust this matter to the executive organs. There are laws in the republics. Let further privatization be regulated by the edicts of the presidents, by volleys of edicts, to speed things up. Let the supreme soviets analyze them and then make changes. However, the matter must be got going.

[Popov] In our conversation we have not once yet touched on the principal state property—land. How will it be taken into account under privatization?

[Bunich] In my opinion a mistake is being contemplated with respect to land. We argue about where to begin the creation of the new economic relationships from—from the city or from the village? And we bend to the side of the village. But this is ignorant. Without calico [sitchik] it will give little to the country. And without tractors, without fertilizers, without building materials. To start from the village means that the peasant will sit on the sacks with the harvest and wait until he gets something tangible in return. The economy is like a person. Can one say that the heart is first and then the lungs? Overcoming the food crisis is the task of the entire national economy. The entire world got out of it in a national economic fashion. But we created food programs.

And in our attention to the village we frequently ignore the economy. It has been prescribed that every person will have a privatization share—both the city dwellers and the peasants. Plus the peasants will get land. But is it fair that the undoubtedly done out of his fair share peasant will dip into the public "kettle" twice and the equally put upon worker only once. True, in turn the peasant will not get an urban apartment as property. It was impossible to divide the three reforms—privatization of state industrial property, land, and housing. One must consider everything in its totality, give everyone a full share, and let everyone decide where to invest it. It can be anticipated that in their mass the peasants will invest the capital received in land whatever it costs, the workers—in joint-stock enterprises, and the pensioners—in housing and dachas.

[Popov] But if one is talking about the need to quickly and fairly evaluate all public wealth, is it possible not to take into account the "weight" of that attribute by means of which everything is weighed, the ruble? But won't we muddle everything together with the present financial "weight" that grows lighter before one's eyes.

[Bunich] Stabilization of finances is necessary but not by the former forbidden methods. We have as yet the state order—under wraps. They try to retain the old, department-sanctified economic ties. Some can have free

prices. Others keep the state prices and beg for subsidies and take the state by the throat. The share of foreign exchange revenues coming to the producers is low and the import tax high. Essentially foreign exchange almost can't be bought. Auctions are rare and the supply at then is minimal. Everything is squeezed by the tax to completely remove "super-profitability." They tax not only personal incomes (several times) but also investments. The financial organs and the customs houses are "above suspicion." One can't even complain about their actions. Arbitrariness at its fullest.

The state deludes itself that in this way it saves on ready cash. To the contrary, by depriving the workers of incentives, it "saves" even more on labor productivity. But if there is no productivity there are no goods. And the turnover of rubles, for which you can't buy anything, is ever greater.

[Popov] And besides, the machine tool and the flying banknotes are spinning all the time.

[Bunich] It spins because, having received our wages, we can't spend all of it and our ready money is not returned to the bank. Do you remember, there was a period at the beginning of the year when they stimulated deposits in the bank? And in the first quarter there wasn't the unrestrained issuance which then broke out again. Now they put out as much money in a month as they did not so long ago for a year.

Here one must bear in mind that in some republics they are already making use of three currencies: rubles, credit orders [bon] only with which can one purchase goods from them, and dollars. The first of these currencies is not any good anywhere. What to do with it? The rubles flow to Russia and drag the latter out of it.

[Popov] And what is still not being stated here is the fact there have appeared among us many enterprising people not so much developing production but making money on money, who turn book assets into ready money? Such ones, you see, will turn privatization to their own gain and will start to squeeze money out of the privatization receipts. How to set civilized limits for the entrepreneur so that he would be a humane and not a rapacious person?

[Bunich] The existing excess of freedom should be limited by legislation for such people. Making use of the lack of development of legal norms related to commercial secrecy, some will hide their machinations under it. The control and auditing organs are powerless; their representatives quite often simply make an appearance at the door. The non-acceptance of any administrative influence is aggressively shown and, you see, to a certain extent as in the entire world, in the form of foreign trade quotas and licenses, for example.

But the main thing is that there should be many entrepreneurs. You see, the fewer they are the more abnormal they are in so far as they don't compete before us. Who is the very chief enemy of an increase in the number of

cooperatives in the country? The first cooperatives themselves, which bribe executive committee officials not to let new cooperatives open. And we proceed on the grounds of this vile tendency.

Here are questions the attitude towards which today lays bare the face of each of us. If a person speaks out for the obligatory sale of state property under privatization, I strongly suspect that he is one of the "wild" stockbrokers for whom it is more profitable to buy property from a corrupted state than from people who will not give back their property for pennies.

[Popov] But the people still need to become aware of themselves as owners of their share, but not all, of the state property of which they were deprived for decades. Many with whom I have happened to talk recently are simply intimidated by privatization. Still stronger is the mood to manage everything in kolkhoz fashion—by voting.

[Bunich] Democracy in the economy is the basis of democracy in politics. A slave in the economy, he is free only in a mass meeting. But at work he is a slave. And if you want to be free not only at a mass meeting but to have the political choice to become a person who has free will, not dependent utterly and completely on the employer, you need to have a solid rear echelon—property. Therefore the position of the leader of the Democratic Party of Russia, N. Travkin, who speaks out against the people's privatization, causes astonishment. And, it turns out, against economic and political freedom.

It is important that not only those presently rich and having power enter into the market but all the people with at least some starting capital. Further on, of course, differentiation will begin. However, as the experience of the developed countries demonstrates, the trend is nevertheless that even on the low rung of the ladder people may find themselves five rungs higher than today.

#### Aganbegyan on 'Five Steps Toward the Market' Plan

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[Interview with Academician A. Aganbegyan by TASS Correspondent A. Aladinskiy specially for TRUD: "Five Steps Towards the Market"]

[Text] It seems that every sensible person realizes that the times today are too merciless for the country's national economy. The draft worked out in Alma-Ata is extremely urgent and topical because it is the possible backbone of a new community to replace the old, finally collapsing Union. Any delay in approving such an agreement only delays the time for the stabilization of our economy. The TASS correspondent's conversation with the well-known economist, author of a whole series of works in the area of economic reform, and Rector of the USSR Academy of the National Economy Abel Aganbegyan began with these thoughts.

[Aganbegyan] The problem is not in how we live today. Let's assume that you and I live in a poor room but next door a house is being built where we will be allotted a good apartment. We see how it is being quickly built and we, of course, live quietly. But imagine that the house not only is not being built, there's not even a design yet. Such a situation is more than terrible. We don't know what will be tomorrow.

According to official data the size of our national income has fallen by 13 percent in comparison with the corresponding period of last year and by the end of the year the drop, apparently, will amount to 15-16 percent. The low point is far from having been reached and it is possible that the decrease will be far greater and that we will live tomorrow considerably worse than today. However, the main thing is that important measures which would have prevented our slide into economic catastrophe have as yet not been taken. So far we only talk and discuss. And it must be put bluntly that not taking measures is the worst thing of all that is possible. You see, the real situation is this: the old command-administrative system of managing the national economy has in many respects been destroyed while a new one—the market economy—has not yet been created. In such a situation the destruction of the economy proceeds at accelerating rates.

Something needs to be done, but the republics cannot do it on their own. They cannot objectively because, historically, deep-seated economic integration among the republics has developed in our country.

[Aladinskiy] Often we look at the European "Common Market" as a close and possible example to be imitated.

[Aganbegyan] Yes, that's so. But there is an enormous difference in the forms of economic integration. Take any country—Germany, France, England, even Belgium. They handle somewhere about half of the economic relationships within the "Common Market" and they also trade in great amounts with the USA, Japan, the countries of Western and Eastern Europe that are part of the "Common Market" and with the countries of the "third world."

And now let's take the Ukraine, Georgia, Armenia, and even the Baltics. Take the turnover of their ties that's not within the USSR—it's only 5-10 percent, not more. And imagine for a minute that the Ukraine will not get petroleum from Russia. Where will it get it from? From the Near East? There is none of the necessary infrastructure. There are no pipelines. Delivery also will not come to a Black Sea port by tanker—there are no special tank installations there for the amount of petroleum the Ukraine needs. I'm not talking already about the fact that the republic doesn't have even close to the necessary foreign exchange reserve. You see, now the Ukraine (I name this republic arbitrarily, let's take Belorussia, any other republic) gets petroleum at the rate of 11-12 rubles per barrel, R60-70 per ton. However, there is another price on the world market—\$22 per barrel. That is, it

gets petroleum for next to nothing thanks to the presence of the all-union market. Yes, such low prices are ruinous for the country's economy. It leads to enormous waste—we burn almost 200 million tons of petroleum in the form of mazut because it costs next to nothing. It is clear that the prices for petroleum need to be raised but even if they are raised several times it will be far lower than the world price all the same.

We've been talking about petroleum but let's take timber, non-ferrous metals... As a specialist I state responsibly that declaring economic independence is a bluff. Economically, any republic depends on others so that if these ties are indeed cut off or relations are built on the basis of convertible currency, like we trade with Poland and with Hungary, this will be economic suicide and a catastrophe for that republic.

Therefore I look on the draft treaty on economic community as a necessary and most indispensable condition for the commencement of joint actions to get out of the crisis. By and large I actively support this document because it is aimed at the creation of an all-union market and this goal is very precisely formulated there. In my view a whole series of basic problems of principle are correctly resolved here. This concerns the problems of banks, foreign economic relations, the budget deficit, the encouragement of private ownership, the transition to price liberalization, and interrelations with the states and former union republics which have not entered into this treaty.

Conclusion of the treaty is the first and most difficult step along the path of the creation of an all-union market. However, with respect to a number of questions this document is limited in nature and resembles a statement of intentions. The basic work for the future is in the drawing-up of more than 20 specific agreements on banks, prices, the state debt, etc.

Of course, one should also not interpret this treaty as a program of actions for stabilizing the economy and converting to the market. I would call the treaty a necessary condition for actions which still have to be worked out and implemented. In my view, the program of actions to get out of the crisis and convert to the market should consist of five directions.

[Aladinskiy] What should they call for from the point of view of an economist?

[Aganbegyan] First. We need macroeconomic stabilization, i.e., all the cracks through which the economy is being filled with excess money need to be closed. The ruble needs to be stabilized. To do this the budget deficit needs to be drastically reduced. However, one cannot reduce the budget deficit in Russia alone and not reduce it in the Ukraine and in Belorussia. A "Trishkin's coat [a case of fixing part but ruining the whole]" will simply result. Coordinated actions in taxation policy are needed: the introduction of new taxes, for example, a value added tax.

Another question. The cessation of the credit issuance of money—another source of the flood of money which is closely connected with the budget deficit. This can be done if a unified banking system is created. But how can it be created if there is no economic treaty? How, if every central bank in the republics does what it wants?

The second necessary measure is the liberalization of prices because the market can be created only by converting to market prices. The previous reform of prices, when we replaced one system of state prices by another, with a higher level of state prices, was a fundamental mistake which, as is well known, many academic economists spoke out against.

I will not dissemble—to convert today to market prices will be a more complicated process than it would have been in 1990. The conversion to market prices requires that monetary circulation, finances and banking matters be put in order. Otherwise hyperinflation is inevitable. At the same time we cannot but convert to market prices since without this there is no possibility of normalizing the consumer market, of creating an industrial and agricultural goods market, and of converting to a market economy. Therefore I consider that the liberalization of prices is a measure closely related to macroeconomic stabilization. Moreover, the liberalization of prices ought to proceed simultaneously with the privatization of trade, with anti-monopoly legislation, with the encouragement of entrepreneurship and competition, and with the creation of market infrastructure.

The third and basic system of measures is the privatization of property. The first step is "small" privatization—the sale into private ownership of the majority of stores, cafes and restaurants, service sphere enterprises, and the small enterprises and organizations of many branches, which can be accomplished in one or two years. The transformation of state enterprises and organizations into joint-stock companies needs to be accomplished at the same time. The immediate execution of radical land reform will be especially important. The privatization of housing also can be accomplished rapidly.

There is another group of measures. This is a new state structure policy which would maintain the vitally important sectors—fuel and power, the railroads, public health, education, and culture. And after that—this is a special chapter of structural policy—conversion. One cannot allow this most important matter to enter into market drift. This always was a matter of state policy and strategy.

And last. This is the incorporation of the Union into the world market, into the world economy.

It has seemed to me that in parallel with work on the conclusion of the Treaty on Economic Cooperation it is nevertheless necessary to take practical steps with respect to the conversion to the market. I don't understand why land reform is being carried out so slowly in Russia whereas certain other republics, Armenia for

example, are pursuing it actively. Or what hinders getting down to the real privatization of housing? Why is not "small" privatization proceeding along a broad front? It seems to me that this could become a good base for establishing the market.

On this plane, I think that what we don't need is to work out a program of actions again and again. We need to act. Neither papers, nor treaties, nor programs, even if the most excellent, are important. The mechanism for their implementation is important. What sense is it that you have put together a land reform plan when there is no real implementation of what has been outlined. There is a Law, but who will take away the land from the kolkhozes and sovkhozes, who will distribute this land to the peasants interested, and who will determine whether you want or don't want to have land. The same thing also with the privatization of housing and with "small" privatization.

We have pretty well destroyed the old while the ground for the new needed to be cleared. Now one needs to build a market economy. This is much more complicated. A very serious psychological change in the awareness of many, many business executives is needed. Perhaps in some spheres new cadres, primarily economic, are needed. Today the main thing we need to remember is that a program of creation is being pushed to the forefront all the same.

**Alma-Ata Economic Treaty Results Analyzed**  
924A0053A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 14 Oct 91 p 1

[Article by Doctor of Historical Sciences A. Kiva: "The Alma-Ata Meeting: Twelve Plus Zero"]

[Text]

**The View of a Political Scientist**

During the rosy time of perestroika, someone in the West made a witty observation: It is easier to build communism in the Soviet Union than normal life with an effective market economy and a civilized state. So, should we perhaps follow our own tracks back before it is too late? I assure you that even if "the bad GKChP [State Committee for the State of Emergency]" wins we will have, among other things, a unified economic space. The pie-in-the-sky time is gone; we need an utterly sober approach to highly complex problems. By now, it is not the fate of the old Union that is at stake but that of the peoples. Partocrats intimidated us with the "capitalization" of the country whereas actually it is threatened by "chaotization." A treaty on an economic commonwealth, which is highly praised by an authority such as G. Yavlinsky, is to be signed before 15 October. However, even the best treaty will produce results only if it is complied with.

My question is: Why an economic commonwealth? Why not an economic union within the framework of a new

union of sovereign states? First of all, as they say, you take what you can get. Second, perhaps they are mindful of the example of the EEC. However, how many years did approaching such a commonwealth take the countries of Western Europe?!

I understand that the following is hardly practical under the existing circumstances. However, a different form of economic cooperation should objectively be needed in the interest of all the peoples of the country. Do not be surprised: This should be a form with a high degree of dirigisme, directives, and still the same "sickening center"—temporarily, for the duration of the period of transition.

Any union is viable only when participants in it are interested in the union. What do the governments of our former republics have in common (precisely the governments rather than the peoples; the latter have considerably more in common)? Economic survival and fear of a social explosion. What is dissimilar? The absence of a unified political space.

The power struggle has not yet ended in an overwhelming majority of the former subjects of the USSR. In a number of cases, this struggle is in full swing. In essence, two forces are fighting for the most part: the Communists, who, to be sure, masquerade as democrats, liberals, and so on, and the nationalists who are not averse to showing off under a mantle of democracy either. This is a reality. This is a normal phenomenon during a revolutionary period. However, let us not forget that on no occasion in revolutionary and post-revolutionary periods has power happened to be amorphous and jelly-like. That is to say, such power does exist but it quickly gives way to a dictatorship.

Naturally, I am concerned the most about Russia, not only as a citizen of Russia but also because of Russia's special role. I will repeat tirelessly: Democrats should form strong authorities from the top down, primarily executive authorities which will have extensive autonomy in the course of their operation. Legislative and judicial authorities should not bind them hand and foot. Otherwise there will be a collapse.

We should take a realistic view of our society. We are deprived of property. We have been turned into an underclass. We are infected with Bolshevism; we have not emancipated ourselves from either servitude or leader worship. Grasp this: According to polls, 70 percent of the people associate overcoming the crisis in Russia with an individual rather than a party or a program. If we want an underclass-populist, pro-Fascist dictatorship to come to power, we should keep doing what most democrats are now doing: argue, quarrel among themselves, and set executive power against legislative power.

A society devoid of property is poorly prepared for democracy. An extensive democracy appears only after a powerful class of property owners, primarily the middle class, develops, and when a new (nonconfrontational)

type of mass consciousness emerges. Therefore, let us think together about how to get out of the existing situation. Do we need democracy? Undoubtedly! Do we need reliable counterbalances to executive power? You bet we do. As I see it, we should not copy blindly the models of this or that which have evolved in the West over a long period of time, but think instead about what is suitable for us at present, right now, during a period of transition. Obviously, these should be some transitional forms of democratic power with a strong authoritarian tint. So, our society is not advanced enough for Western models of democracy. Is this really not clear?

In short, Russia should have its own extensive program of action in the economic sphere, as well as in all spheres of existence, just in case the economic commonwealth being created turns out to be unviable. We cannot waste time. Russia will not help only itself by doing so. Other sovereign states may join it if they feel that the strongest, developed, and richest republic has embarked on a sure path of recovery.

## INVESTMENT, PRICES, BUDGET, FINANCE

### Hyperinflation Possibilities Assessed

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[Article by DELOVOY MIR analytical group: "Hyperinflation: Today or Tomorrow"—paragraphs in bold are DELOVOY MIR introduction]

[Text] The overwhelming majority of analysts predict a sharp intensification of the economic crisis, a swift growth of gross unemployment, an acceleration of hyperinflation, and a fall in the standard of living to the point beyond which a limitless number of hunger riots will begin. Optimists are in the minority, but they fish out of the heaps of information the slightest signs of the stabilization of the economy and try somehow to take heart in a hope for the better.

Official statistics are restrained and cautious as never before. Semi-official experts seek to gratify "both ours and yours." They begin with "to your health" and end with "rest in peace." One can understand them: the economic situation is not kindly disposed to the treasury while the political situation and the mood of the general public still demand self-exposure—of all and in all. And the more unbridled the better and the greater the confidence. So that to hope for objectivity and lack of bias in analysis would be at best naive.

### New Starting Points

DELOVOY MIR's analysts think that the trends which have already been detected also will, most likely, prevail in the next half-year and they indicate a shifting of the epicenter of the economic crisis to the most subtle and most delicate sphere—finances, prices, and the incomes

and expenditures of the population. The main question of the moment has been ascertained: are hyperinflation and financial collapse approaching or do they only intimidate?

There is no direct and complete answer. It all depends on what is being asked: you want hyperinflation—certainly, you want something more tranquil—that's also possible. There are more than enough grounds for this—powerful upheaval in the system of prices, decentralization of financial policy and price determination, thickening clots in the channels of monetary circulation, and attempts to erode them by tough, extraordinary measures.

Despite all warnings the all-union government nevertheless carried out an administrative reform of prices by one-time acts distributed over time, which were not balanced and gave rise to new problems and contradictions. Purchase prices for agricultural products were raised in the autumn of last year, wholesale prices for industrial products at the beginning of the year and rates for cargo hauls after that, and retail prices and rates for consumer services and passenger hauls in April. As a result, as the ideologs of reform maintain, prices have approached socially necessary costs for the production and sale of output. A greater correspondence of prices and costs has been achieved in the extractive industries and agriculture, in transportation and in construction. Influence has been exerted on the side of balancing the supply and demand of goods and services on the consumer market. Naturally, this has not been done without distortions, mistakes and negative phenomena. These are not the crux of the matter.

Now we have "almost" a market price determination mechanism, a new structure of prices and a different, higher general level of them. With respect to the range of goods and services of produced national income, it is two times higher than in the middle of last year. The index of enterprise wholesale prices for industrial output has increased by a factor of 2.2. Agricultural output has risen in price by a factor of 1.6 (according to data for the first quarter). The estimated cost of construction and installation operations has increased by a factor of 2.5 on the average and that of housing construction has tripled.

Approximately the same jump in prices has taken place in the consumer sector. In June retail prices for goods and services were as a whole 1.9 times higher than in the same month of last year. Moreover consumer goods have increased in price by almost two times and paid services by a factor of 1.7.

Prices for food products have increased the most. In the second quarter they exceeded last year's level by a factor of 2.3. On the kolkhoz market prices on the average have gone up by a factor of 1.9 while for individual products their upward flight was simply fantastic—by a factor of 11 to 20.

Prices for non-food goods have not lagged behind and here and there have shot ahead. They have doubled on

the whole since April. However, clothing and footwear have become almost three times more costly and children's goods three-five and more times. The new price levels for consumer durables—rugs, furniture, building materials, domestic electrical equipment—fit between them.

The black market has reacted to the administrative price reform contemptuously, to put it mildly. Before April its prices were four-five times higher than state prices. They have doubled since April and as before hold the leading positions. Food products, clothing and footwear, as before, are three-five and more times more expensive than in state trade, building materials—four times, passenger cars—five times, and medicines—14 and more times.

One can easily assert that now the "price background" is determined not so much by state policy as by the free market, primarily by the black market and the actions of the enterprises. In industry 40 percent of the output for industrial engineering purposes and 60 percent of the consumer goods are sold on the basis of free (contract) prices. Free prices cover about half of the goods being sold in retail trade.

Strictly speaking, about half of the path has already been trodden to the complete liberalization of prices. In our opinion, an irreversible market direction has been imparted to price determination. This means that the reporting of price dynamics ought to be carried on not from the "pre-market" period but from the "market" period—more precisely, from January-April of this year.

If one takes this starting point, then a marked acceleration of inflationary processes did not take place in June and July. According to the data of official statistics the overall level of prices has not risen and has remained practically the same. Prices for the range of goods and services of produced national income have risen by only 1 percent in comparison with the previous month. Industrial output has increased in price by 2 percent. Prices for consumer goods and services have not changed.

Administrative constraints—the use of fixed and regulated prices—have had a certain effect. The more dynamic price actions of enterprises of the timber, woodworking and paper industry, of certain branches of the light and food industry and in the production of building materials have resisted this line. For example, output increased in price by 2-3 percent on the average in these sectors during June. True, the price increase was more appreciable for individual types of output, especially for paper and cardboard, paint and varnish products, refractory materials, and other goods which were sold on the basis of contract prices. The same picture was observed in certain industries that produce consumer goods (for example, knitwear, footwear, canned goods, wine). There prices have increased by 5-10 percent.

On the consumer market the price situation was determined basically by regional features and the reactions of buyers to the actions of the sellers. However, the main

thing, certainly, is that an illusory equilibrium has developed between supply and demand: consumers buy with restraint not because of high prices but because they are not in keeping with the assortment and quality of the goods and services being offered. To put it more simply, it's a shame to waste money for what there is, while there is nothing good or the prices "are exorbitant."

The paradox of the situation is this. On the one hand, with the best will in the world it is difficult to regard the price dynamics during the last three months as inflationary. On the other—the reduction of supply expands the area for an inflationary explosion. Colossal tension has accumulated also in all spheres of economic life—in material production, the consumer sector, finances and monetary circulation, and the wage system and that for the social protection of the population. It can be said that detonating fuses have been placed under the "powder keg" of hyperinflation from at least three sides and have already been lit. The question is only when and in what form this explosion will occur.

#### Production: The Potential for a Slump

The first and shortest "fuse" is a slump in production. It is anticipated that this year the volume of industrial output will decline by 8 percent. Agricultural output will be almost 6 percent less than last year. The gross national product will be reduced by 13 percent and national income by approximately 15 percent.

Official all-union circles have more than once initiated waves of optimism: by October, they say, the slump will end, production will supposedly hit "bottom" and there, somewhere towards the beginning of next year, the upsurge will begin. "Realists" from the business circles carefully hedge their bets for any eventuality: they date the end of the slump to the middle of the year. The left and right radical opposition think that under present political conditions no stabilization whatever will come about, production will completely fall to pieces next year, and the guilty ones are on the other side."

The choice is a poor one. Before the coup attempt DELOVOY MIR's analysts were inclined to the variant of a deepening of the slump until autumn, its slowing down by winter and the beginning of recovery processes no earlier than the spring of next year. Now the situation has fundamentally changed. The economic upsurge may begin much earlier, but under certain conditions.

First of all, if one succeeds in stabilizing the political situation in the next month or so. Centrifugal forces will, as before, sever traditional economic ties while new ones, reflecting basically the realities of a confederative state structure, will begin to develop less guardedly and more energetically. It all depends on how successfully the economy will protect itself from political games and how resolutely it will free itself from the narcotic of national separatism.

Secondly, if labor collectives will in fact obtain economic freedom and will be able to become aware of the importance of market relationships in a unified economic space and will understand that local and group egoism are the main enemies of smooth and profitable operation. Of course, one needs time to make certain: a real and not half-hearted market is held together not by primitive mercantilism but by the interests of the consumer. However, there is not time for this. Market truths must be taken on faith.

In the third place, if conscious and careful self-limitation of social pretensions will be taken for the basis of economic behaviour. Today, perhaps, this is most important. The struggle for a larger share of the social pie is sweet. For a long time, you see, they did not struggle but got what came loose. Now, when many have become owners and others are almost them one has to think not about getting through today but about where, how, and what to earn tomorrow. This is already not the concern of an omnipresent state, this is a personal matter, a matter for every collective. The more that will be eaten away and squandered today, the less will be the profit. And no one will help those who have squandered for free. Such is the law of the market.

For now the situation is seen as critical. The slump has affected all sectors of material production, but the heaviest blow has been to the production of consumer goods. The reduction of their output will aggravate the resource shortage even more. And there are no hopes whatever of equalizing the supply of consumer goods and services with the effective demand of the population.

The situation is such that neither price spurts nor the slowing down or the constricting of consumption will help. There is no point in forgetting about the Polish "shock" experiments: for production such a practice is like a boomerang—under shortage conditions free prices do not stimulate growth in the output of goods and permit enterprises to flourish at the expense of their shortage and the direct and flagrant robbery of the consumers.

The emancipated enterprises have already experienced these charms. While national income has declined by 12 percent during the half-year, their profits have increased by a factor of 1.7. The profitability of industrial output grows exclusively due to contract prices. For example, the profitability of manufactured consumer goods is now almost a third higher than the average for industry. One must assume that this inflationary component will be decisive this year and the next.

If one is not to leave the market path, then one can react here only in one direction—to give undivided priority to production. First of all that of consumer goods. However, very serious measures are needed for this. The most drastic of them is the structural perestroika of the economy, its consumer conversion. But, as the saying goes, you've got to make do with what you can get. Now

the breaking-down of regional obstacles, the unblocking of imports of raw material and components, the attracting of foreign capital, but with projects that are not abstruse and expensive and with technology accessible to us, directed toward the rapid setting-up of the production of consumer goods in mass demand are more urgent. Under such conditions it would be really possible to revive the consumer market in a year and a half, if only for the basic segments—foodstuffs, clothing, shoes, simple household appliances, building materials.

The trouble is that the center can hardly manage this and in the republics all the resources now will be spent for the intestine "war of sovereignties." The enterprises can rely on nothing. It looks like the heating-up of prices is enough for them. They quietly anticipate that by the end of the year contract wholesale prices will rise by no less than a factor of 2.5 and their profits will reach a new record mark of 500 billion rubles without any efforts. And, you see, they have already accumulated about R200 billion in spare cash. And today no one will give guarantees that this "inflationary awning" will not cave in on the consumer market through artificially jacked-up wages and populistic compensation payments. There is practically nothing to "tie up" this money with—the investment channels for the enterprises are extremely constricted if not shut down.

#### Monetary Incomes: Is Their Limitation Justified?

The growth of the monetary incomes of the population is the second fuse to an explosion of hyperinflation. During the past seven months they have increased by 48 percent. Taking into account compensations with respect to savings—by 94 percent. Moreover, everything is proceeding at an increasing rate: in the first quarter they rose by 25 percent, in the second—by 62 percent. In July the growth of monetary incomes (not taking compensations with respect to savings into account) came to 89 percent in comparison with July of last year. This included an 80.5 percent increase in labor payments. Domestic economic history has not known such an uncontrolled growth of monetary incomes. This is all a novelty for us and therefore there is more panic than common sense in the analysis of this phenomenon.

First of all, this is a healthy reaction to becoming aware of the historically developed low payment of labor. According to various estimates the fund for this purpose does not exceed 40 percent of the gross national product. In the developed countries it is somewhere about 1.5 times more. However, there are also larger direct expenditures of working people for social needs and smaller state subsidies. It is a vain thing to say which is better. However, practice, it appears, has prevailed: the radical smashing of existing stereotypes is dangerous and fraught with social explosions. It is more reasonable to adapt settled labor payment relationships to market realities. Taking into account the interests of the development of production and the demands of approaching competition.

Secondly, it would be naive to expect that the working people will good-naturedly swallow the administrative reform of prices. And also how to swallow it if even in an average calculation food products in the standard consumer basket have increased in price by almost 60 percent, non-food goods by 55 percent, and services by 22 percent. The consumer basket of the poor has become more expensive by more than half.

In the third place, the growth of nominal monetary incomes somehow holds a sharp drop in the living standard in check. For example, in the first quarter the nominal labor payment fund in the branches of material production increased by 15 percent while the actual decreased only by 10 percent in comparison with the same period of last year. According to the estimates of official experts, the real monetary incomes of the majority of the population have fallen by 10-12 percent. According to other estimates the situation is far worse. As a whole monetary incomes are growing slower than prices are jumping. During the last seven months they have increased (not taking compensations with respect to savings into account) by approximately a factor of 1.5 while the cost of living has doubled. As a result the real incomes of the population have fallen by a minimum of 30 percent and for pensioners by 50 percent.

Nevertheless today the growth of monetary incomes has become a serious factor in the accumulation of inflationary potential. First of all because it is not supported by a corresponding growth in the supply of goods. During the past seven months the expenditures of the population for consumer goods and services have increased by 41 percent all told, including by 25 percent in the first quarter and by 46 percent in the second, and in June by 71 percent in comparison with the same month of last year. And this despite the March speculation (azhiotazh) and the post-April upward spurt of the cost of living. The excess of incomes over expenditure is estimated at R84.5 billion, which is equivalent to 16 percent of the total income, not taking compensations into account.

In the opinion of DELOVOY MIR's analysts the prospects are clearly negative. Additional compensation payments and the labor payment concessions that have been forced out will lead to the fact that during the second half of the year monetary incomes will approach an unprecedented sum—R1 trillion 180 billion. And this without the additional payments based on the anticipated indexation of incomes.

Inflationary expectations of course will whip up expenditures and prices also if there is a shortage of goods. A mass flight from depreciating money has already developed. However, this is a flight to nowhere: the consumer market will not be able, judging by everything, to supply an adequate volume of goods and services. The trade turnover volume must be a minimum of R915 billion to absorb these expenditures. In the best case it will not exceed R836 billion. Unsatisfied demand in the amount of R368 billion is forecast by the end of the year.

Incidentally, it amounted to R233 billion by the beginning of this year. The difference of R135 billion is the amount of depreciation from the inflated emission of money.

But this is with respect to "hot" money. One cannot leave the savings of the population out of the reckoning. As of 1 August they were estimated at R813 billion. This included deposits in savings banks which exceeded R580 billion. Add to this another R167 billion in ready cash. This money hardly will be thrown on the market at once. But part of it can exert additional inflationary pressure on it and intensify the growing consumer hysteria. And it is capable of undermining the disposition to savings and of reducing the deposits of the population to nil.

The market ultimately will not stand such monetary pressure. A new outburst of speculative demand is inevitable and a new price spiral as an answer to it. Some experts anticipate a twofold increase in their general level. If this happens it will be the purest waters of hyperinflation.

#### The Budget Deficit: If the Spring Straightens Out

Economists of the entire world have known for a long time: the slope of the inflationary spiral always and directly depends on the status of the state budget. A healthy budget effectively restrains its acceleration and a sick budget just as effectively urges it on.

The second variant is perhaps characteristic for us. The all-union budget deficit has approached R40 billion, that is, it has exceeded by half the maximum level established by law. There is one reason—the republics have declared a "budget war" on the center and have blocked receipts but have not taken on themselves the entirety of social and economic responsibility to the same extent. As a result the revenues of the all-union budget during the first half-year came to only R45.6 billion while expenditures for all-union needs were R85 billion. The difference increased the state debt which already exceeded R650 billion.

The situation with the republic budgets is also critical. All have accumulated a sizable deficit due to excessive expenditures basically of a populistic character. For example, R47 billion have been earmarked for centralized social measures for the current year while another R11 billion have been transferred from last year. In addition to this the republics have announced their own additional social programs. Calculated for the entire year the amount of these expenditures will be no less than R45 billion. Together both the all-union and the republic governments have met the go-getting enterprises and organizations half-way: they have granted them additional tax abatements and have found themselves approximately R30 billion short in their budgets. If not halted, this year the deficit of the country's budgetary system will exceed R300 billion. This will be a financial failure which will release the budgetary spring of hyperinflation. And, it appears, we will rapidly be in this rut.

The actions of the republics, their autarkic economic policy and striving to resolve common problems their own way are directing this movement. The pernicious nature of such a line was revealed last year when the light and food industry and housing construction developed separatist measures. The support on political considerations of the miners' strikes has broken the technological chain in the basic industries. A blast furnace at the Lipetsk Metallurgical Combine was mothballed in June and furnaces at other plants have been periodically shut down. Already 13 percent less finished rolled ferrous metal products have been produced than in June of last year.

The republic organs boldly take enterprises under their jurisdiction but tightly refuse to have anything to do with managing them or with being responsible for how they will operate. The results are already well known: enterprises thrown into an unrestrained market have fallen out of the system of state regulation once and for all and have begun to conduct themselves accordingly—on the basis of the principle "what I want I have control of." The ideologs of the free market applaud—here it is, the long-awaited free market! Their opponents sound the alarm—the economy is on the brink of total disintegration. Governmental organs rush about among themselves and take decisions ostensibly regulating equal starting conditions.

Recently the all-union and Russian governments, for the sake of saving the industry, took a decision about increasing prices for raw wool and leather by a factor of three. But what does this mean for the consumers? More than a three-fold increase of the prices for clothing and footwear.

Prices for petroleum have been raised and an increase in coal prices, they say by a factor of three, is being prepared. Good decisions, the oil workers and miners have been trying to get them for a long time. But apparently it has never occurred to them that after this their equipment will increase in price by no less than a factor of 10 and consumer goods and services for everyone—even more. Okay, many may not know but the authors of these decisions are bound to know that an increase in the prices of energy resources by only a single ruble causes an increase in the price of end product of 10-12 rubles at a minimum.

Given such a turn of events, it appears that the forecast of the experts of the all-union Ministry of Economics [and Forecasting] will come true: with a disjointed liberalization of prices, industrial engineering products may increase in price by a factor of seven to 10 and consumer goods by a factor of 15 to 20 by the end of the year.

Some economic experts think that one will be able to plug budgetary holes through this inflationary money. Hardly. It will not correct the financial position either of the country or of the republics or of the enterprises. This

money will be spent for additional social programs, compensation payments and subsidies and will get hyperinflation going.

#### Is There a Way Out of the Impasse?

There are not so many suggestions on this score. "Independent" analysts avoid treading this dangerous path. If one is to sum up what is known, one can arbitrarily single out two approaches.

First—the restrictive. The proposals here come down to a freezing of wages and social payments. The idea is this: if, for example, one reduces budget expenditures in the current year for social goals by R30-35 billion, and this is approximately a third of the expenditures for announced social programs, one would be able to lighten the burden of the deficit by at least R100 billion. And if one should further stop the growth of wages this would permit one to weaken the pressure of effective demand on the consumer market by an amount on the order of R250-260 billion. It is also suggested that the system of budgetary financing be made more stringent and that state investments in the national economy be cut even more.

In principle these restrictive measures have been known for a long time. They have been widely used and are being used in the economic policy of the developed countries. Before we called them anti-popular and they were regarded as attempts to solve economic problems at the expense of the toiling masses. Now these same "critics" keep mum about this and prefer to think "conceptually." The economic situation requires one to reject populism and to begin drastic measures.

There is another approach. Its idea is to consciously use hyperinflation to pull the economy out of crisis. The logic in this is simple. To begin the mass liberalization of prices and thus to balance the supply and demand of goods and services by force. At the same time the intention is to carry out commodity intervention by means of foreign credits, to devalue the ruble and thereby lighten the budget deficit, the state debt, and the savings of the population and at the same time to create the basis for the internal convertibility of the ruble.

This idea has its "for" and "against." First of all, everyone will find themselves in more or less equal conditions: he who comes to the surface is the one who will be saved; he who doesn't hold out drowns. It can be assumed that there will be more of the latter than of the former.

Secondly, the proposal is to retain fixed and regulated prices for fuel and power resources and the rates for hauling cargoes and for the goods and services which make up the "basket" of minimum consumer budgets. This measure will not give relief to the budgets. Counter production subsidies and introduction of a rationing system for goods and services that are prime necessities if only for the inadequately provided for will be required. Their number already exceeds a third of the country's population.

In the third place, strict coordination in the money and credit and pricing policy of all republics and local organs will be required. The deviation of anyone if only with respect to a single point will cause such a collapse of the entire system that it will bury everyone. Such "delicacy" is already inaccessible. The proclamation of economic sovereignty has gone so far that agreement on this slippery question is simply unattainable.

No matter how sad it is, uncontrolled hyperinflation probably lies in wait for us. The denationalization and decentralization of the economy has stepped over the boundary behind which the mechanisms of direct influence on the economic situation and an unified financial and pricing policy have remained. Forceable measures, including even extraordinary ones, can only restrain these processes for a time but cannot change their direction.

Rescue is possible if hyperinflation is accompanied by the hyperbolization of the remaining macroeconomic processes—by a similar growth of wages and social payments and enterprise profits and depreciation of the ruble. Even a rough synchronization of these processes can mix the negative consequences, as though to smooth them out. Then the destructive energy of hyperinflation can be used to treat the sick economic organism. Even if shock it's treatment nevertheless.

#### INDUSTRIAL DEVELOPMENT, PERFORMANCE

**Data on Development of Cooperatives Presented  
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[Article by I. Chebatkov, chief economist at the Administration of Labor Statistics of the USSR State Committee for Statistics: "Cooperatives—Results of Development and Sectorial Characteristics"]

[Text] In the last few years cooperatives have been transformed into an intensively developing sector of the country's economy. In 1988 alone the number of operating cooperatives increased 5.5-fold and high rates of development of cooperatives also remained in 1989. The past year—1990—was noted for a reduction in the intensity of forming the cooperative sector of the economy as compared with previous years. During 1990 the number of operating cooperatives increased by 52,200 (in 1989, by 115,600) and the volume of sold output (work and services) rose by 27 billion rubles as compared with 34 billion rubles in 1989. This is due to the appearance and development of new directions in entrepreneurship—small, leasing, and joint-stock enterprises—as well as to the retention of restrictive measures with respect to cooperatives.

Table 1. Development of Cooperatives in the Sphere of Production and Services

Years	Number of Operating Cooperatives at the End of the Year, thous.	Number of Workers in Them, Including Persons Holding Several Jobs Simultaneously, thous.	Volume of Sold Output (Work and Services) From the Beginning of the Year, mill. rubles
1987	13.9	156	0.35
1988	77.5	1397	6.1
1989	193.1	4855	40.3
1990	245.3	6100	67.3

As cooperatives develop, their types of activity become ever more diverse. Whereas in 1988, basically, there were five types of cooperatives, that is, cooperatives for the production of consumer goods, public dining, trade-purchase, and domestic service cooperatives, and cooperatives for the procurement and processing of secondary raw materials, the share of which in their total number made up 67 percent and in the total volume of sold output (work and services), more than 70 percent, at the beginning of 1991 there were more than 20 types: construction cooperatives, cooperatives for the production of building materials and products for production and technical purposes, agricultural and scientific-technical cooperatives, cooperatives for rendering medical services, art and design cooperatives, and cooperatives for the organization of leisure, rendering passenger transport services, and so forth.

The proportion of construction cooperatives (industrial construction), of scientific-technical cooperatives (planning and surveying, planning and design, introduction, and scientific research cooperatives and cooperatives for the development of software and rendering information services), and of cooperatives for the output of products for production and technical purposes is increasing. At the beginning of 1991 they accounted for two-thirds of the total output (work and services) sold by the country's cooperatives.

Cooperative entrepreneurship was developed in all republics, although the measures taken in the country's individual regions to regulate the activity of a number of types of cooperatives somewhat stopped the increase in their number. In 1990 rates of growth higher than throughout the country were observed in Moldova and Estonia (1.5-fold) and in Georgia (1.4-fold). At the same time, it should be kept in mind that the reference base in these republics was relatively low and, moreover, absolute increases were not big. Russia made the most significant contribution to the development of the cooperative movement—from 102,000 to 135,000 cooperatives (1.3-fold).

In Central Asian republics, despite the availability of free labor resources and the insufficient level of provision of paid services for the population, the cooperative movement is developing more slowly than in other regions. First of all, this applies to Kyrgyzstan, where the growth made up only 5 percent.

Cooperatives do not create work places very actively. For example, in 1990 cooperatives assigned about 10 billion rubles (in 1989, more than 3 billion rubles) for their production development, purchase of fixed capital, and personnel training. According to expert evaluations, about 350,000 work places (in 1989 more than 100,000 work places) could have been created with these funds. At the same time, in 1990 the increase in people employed in cooperatives (without persons holding several jobs simultaneously) amounted to 1.1 million (in 1989, a total of 2.4 million), that is, in the last 2 years only every eighth person out of the total increase in workers in cooperatives could be provided with a work place. Basically, however, the development of cooperatives in the sphere of production and services is based on leasing and other methods of utilization of already existing work places.

In 1990 the total volume of all output (work and services) sold by cooperatives amounted to 232 rubles per resident in the country. This indicator was much higher than the average Union level in Latvia (760 rubles), in Estonia (617 rubles), and in Armenia (394 rubles). At the same time, in Azerbaijan it amounted to 47 rubles, Kyrgyzstan, 72 rubles, and Turkmenistan, 88 rubles.

Certain hopes for overcoming the serious disproportion between the population's monetary income and its commodity coverage were connected with the revival of the cooperative movement. However, despite expectations, cooperatives did not help to overcome it.

Out of cooperative output worth 67.3 billion rubles, which was sold in 1990, output worth 8.5 billion rubles was sold to the population by cooperatives themselves and output worth 5.6 billion rubles, through the general trade network. Thus, only one-fifth of the total sold output of cooperatives goes directly to the population.

A total of 96 to 98 percent of the output of construction cooperatives engaged in scientific research and introduction work and in scientific consultations is sold to enterprises and organizations.

It is also characteristic that cooperatives specializing in the production of consumer goods sell three-fourths of their output to state enterprises. Cooperatives provide three-fifths of the domestic services to various enterprises and organizations, not to the population.

In the structure of consumer goods produced in the country cooperatives account for only 3 percent of the

all-Union production of furniture, 36 percent, of footwear, 4 percent, of knitted goods, and 6.5 percent, of sewn goods.

Furthermore, it should be kept in mind that the entire volume of output sold by cooperatives to the population cannot be considered a supplement to what state enterprises produced previously, because in the overwhelming part the cooperative movement has expanded as a result of the transfer of operating state enterprises and their subdivisions to cooperatives.

The effect of the activity of cooperatives on the country's monetary turnover increased. In 1990 the wage fund in cooperatives totaled 26.8 billion rubles, which was 1.6-fold more than in 1989.

As compared with the total wage fund throughout the national economy, this fund makes up a negligible amount—6 percent (in 1989 it was 1.3 percent), but it occupies a significant place in growth indicators. Throughout the national economy in 1990 the wage fund increased by 53 billion rubles, including in cooperatives, by 10 billion rubles. Thus, 4.4 percent of those employed in the national economy gave about one-fifth of the increase in the wage fund.

The high increases in the wage fund were reflected in the level of wage-intensiveness of output (work and services) of cooperatives, which in 1990 totaled about 40 kopecks. For comparison it should be indicated that it is twice as low in material production branches of the state sector of the economy.

In 1990 average monthly wages in cooperatives, including of persons holding several jobs simultaneously, totaled 417 rubles, which exceeded the average monthly monetary wages of workers and employees in the state sector more than 1.5-fold (270 rubles). In practice this excess is even greater, because the high proportion of persons holding several jobs simultaneously, who work an incomplete work week in cooperatives, should be kept in mind (in 1990 it comprised 31 percent).

In individual sectors the ratio of average monthly wages of workers in cooperatives, on the one hand, and of workers and employees, on the other, looks as follows: in construction—463 and 339 rubles; in agriculture, 230 and 270 rubles; in trade, 574 and 227 rubles; in public health, 398 and 184 rubles; in science and scientific services, 486 and 333 rubles; in information computer service organizations, 428 and 273 rubles; in planning and surveying organizations, 495 and 392 rubles.

Along with such a factor as the application of free market prices, the exclusive right of cooperative members to establish the share of the wage fund in income, which enables cooperative workers to sharply increase their personal earnings, is a decisive factor in the significant differentiation in the wage levels of those engaged in state and cooperative sectors of the national economy. Thus, the share of income remaining at the disposal of

cooperatives, which is assigned to the wage fund, averages 82 percent in the country and even more in individual types of cooperatives—in cooperatives for domestic services for the public, 89 percent and in construction and public dining cooperatives, 85 and 84 percent respectively.

In 1990 the income of the country's cooperatives minus material expenditures and expenditures equated with them totaled 44.2 billion rubles, of which 32.5 billion rubles (74 percent) remained at their disposal. The role of cooperatives in the formation of the revenue part of local budgets became noticeable. In 1990 the tax on the income of cooperatives totaled 3.1 billion rubles and taxes on the personal income of citizens working in cooperatives, 3.2 billion rubles.

Deductions into the wage fund—82 percent—are the basic item of expenditures and 13 percent is assigned to the cooperative development fund.

An analysis of material expenditures on output has shown that they make up more than one-third (36 percent) of the volume of proceeds from sold output (work and services). The payment for raw and basic materials accounts for more than four-fifths (87 percent) of the value of material expenditures and rent and depreciation deductions, for 4.8 and 2.8 percent respectively.

The interaction of cooperatives with state enterprises and organizations is the basic source (about two-thirds) of formation of their expenditures on raw and basic materials.

One-fifth of the total amount of raw and basic materials is purchased by cooperatives in the retail network of state and cooperative trade. Art and design, construction, domestic service, and public dining enterprises purchase the biggest share of raw and basic materials in trade.

An analysis of the development of cooperatives in the sphere of production and services shows that they greatly depend on state enterprises and develop on their resource basis. As of 1 January 1991 more than 80 percent of all the operating cooperatives have been established under state enterprises, from which they lease 58 percent of the fixed capital. In addition, they have received 6 percent for temporary use free of charge and only 36 percent of the used capital is the property of cooperatives. Cooperatives for the output of products for production and technical purposes, medical cooperatives, and cooperatives for the production of bread, flour, and confectionery products have the highest share of leased fixed capital—68 to 69 percent.

The attachment of cooperatives to enterprises, under or within which they have been established, is due to a number of reasons. Fundamental problems concerning material and technical supply for cooperatives were not solved and a market for the means of production and such elements of the market infrastructure as commodity

exchanges and auctions were absent. In such a situation state enterprises were reliable sources for the purchase of raw materials—this is on the one hand. On the other, state enterprises accumulated a large reserve of cashless resources, by means of which they generously paid for services of cooperatives. At the same time, the issue of funds from the accounts of cooperatives for wages was made primarily with cash. This contributed to the transfer of funds of the cashless form for state enterprises to the cash form for cooperatives and transformed cooperatives into one of the channels for an additional emission of cash. Here it should be noted that the basic causes of inflationary processes in the country lie in the state sector, where the scale of emission of money is much wider. However, cooperatives not only do not

oppose these processes, but themselves are an inflationary factor, although not the main one.

As the cooperative sector develops, its effect on the country's foreign economic activity is manifested. A total of 4,000 cooperatives—participants in foreign economic activity—are registered as of 1 January 1991. A significant part of the export and import operations are carried out through mediation. In 1990 the foreign trade turnover of cooperatives totaled 63.9 million foreign currency rubles and export deliveries of cooperatives, 26.7 million rubles. Goods worth 37.2 million rubles were imported.

In 1990 the trade balance of cooperatives was negative, amounting to 10.5 million foreign currency rubles.

Table 2. Foreign Economic Activity of Cooperatives in 1990

	Export		Import		Balance
	mill. rubles	in percent of the total	mill. rubles	in percent of the total	mill. rubles
<b>Total</b>	<b>26.7</b>	<b>100.0</b>	<b>37.2</b>	<b>100.0</b>	<b>-10.5</b>
including with countries:					
Austria	0.2	0.7	0.2	0.5	0
Belgium	0.4	1.5	0.3	0.8	0.1
Bulgaria	2.2	8.2	1.6	4.3	0.6
Great Britain	0.3	1.1	0.5	1.3	-0.2
Hungary	8.8	32.9	0.7	1.9	8.1
Italy	0.3	1.1	0.9	2.4	-0.6
China	4.4	16.5	4.9	13.2	-0.5
Poland	4.4	16.5	12.5	33.6	-8.1
Romania	0.1	0.4	1.7	4.6	-1.6
Singapore	0.1	0.4	1.9	5.1	-1.8
United States	0.2	0.7	0.4	1.1	-0.2
Taiwan	-	-	0.8	2.1	-0.8
Turkey	0.0	0.1	2.9	7.8	-2.9
Finland	0.9	3.4	0.4	1.1	0.5
Germany	1.4	5.2	2.2	5.9	-0.8
Czechoslovakia	0.5	1.9	0.3	0.8	0.2
Yugoslavia	0.5	1.9	1.3	3.5	-0.8
Japan	0.5	1.9	1.7	4.6	-1.2

The following are basic import items: computer hardware and office equipment, the proportion of which in the total volume of import operations of cooperatives made up 28 percent, coal coke, 14 percent, chemico-pharmaceutical preparations, 8 percent, and clothing and linen, 7 percent. The following are basic export items: aircraft engines, the proportion of which in the total volume of export operations made up 23 percent, nonfood raw materials (cotton waste, timber, and so forth), 22 percent, and food and gustatory products (vegetables, fruits, and so forth), 90 percent.

#### Sectorial Characteristics of Development of Cooperatives

Construction cooperatives have undergone the greatest development. They make up one-third of all the country's cooperatives and produce two-fifths of the total volume of output (work and services) sold by the cooperative sector, or the sixth part of the volume of work performed by contracting organizations throughout the country.

The proceeds from the sale of work and services rendered by cooperatives increased from 500 million rubles

in 1988 to 26 billion rubles in 1990. The number of workers, including persons holding several jobs simultaneously, increased 20-fold, reaching more than 2.5 million. The increase in the number of construction cooperatives and of workers in them leads to the outflow of workers and employees—as a rule, highly skilled ones—from state construction organizations. This is due mainly to the high earnings in cooperatives.

The development of construction cooperatives is hindered by the centralized distribution of material resources, absence of the market of wholesale trade in them, and, as a consequence, their dependence on founders—state organizations. As a result, cooperatives sell their products mainly to their founders, which are holders of material and technical resources. For example, according to the data of the survey conducted by the USSR State Committee for Statistics, cooperatives specializing in the performance of construction and installation work and major repairs of buildings and installations sell more than 90 percent of all the work (services) to state organizations; cooperatives carrying out repairs of apartments and other structures on orders from the population and the construction of individual dwelling houses, garages, and greenhouses, more than 40 percent.

Cooperatives assign only from 8 to 14 percent of the income to the production development fund, whereas state construction organizations assign about one-third of the obtained profit (income) to the fund for production development, science and technology, and social development.

From the regional aspect the development of construction cooperatives occurs in an extremely uneven manner. Three-fourths of all the operating cooperatives of this specialization are concentrated in two republics—the RSFSR (64 percent) and the UkrSSR.

Every sixth cooperative carries out its activity in the sphere of consumer goods production. As compared with 1988, the number of such cooperatives increased more than 2.6-fold, totaling 41,800 on 1 January 1991. The number of workers in them is more than 1 million. In 1990 they sold output worth 12 billion rubles. In the structure of consumer goods produced by cooperatives sewn and knitted goods account for 19 percent, footwear, 3 percent, souvenirs and decorative items, 2 percent, and furniture, 3 percent. In the total volume of sale of consumer goods 76 percent of the volume of output is produced for enterprises and organizations.

Despite the increase in the number of cooperatives, their share in the total volume of consumer goods production remains low—3 percent.

On the average, in 1990 cooperative output worth 41 rubles, including sewn and knitted goods, 8 rubles, footwear, 1.2 rubles, souvenirs, 1.0 rubles, and confectionery, bread, and flour products, 0.5 rubles, is sold per resident in the country.

The wage intensiveness of consumer goods production in cooperatives is threefold higher than in similar state production facilities.

Cooperatives for the procurement and processing of secondary raw materials supplement the existing state network for the processing of secondary raw materials, organizing small-series production of goods in great demand and flexibly reacting to its changes. Most cooperatives are engaged in the processing of production waste obtained basically from supplier enterprises, under which they have been established. About 10 to 15 percent of the operating cooperatives are engaged in the collection (procurement) and delivery of secondary raw materials without processing them.

The list of products produced by cooperatives is extremely diverse: heat-resistant conveyor canvas, metal screen, technological chips, polymer metal containers, feeders, water bowls, and metal structures for animal husbandry farms, parquet flooring, outerwear and sports clothes, buttons, toys, souvenirs, costume jewelry, and other articles.

In 1987-1990 cooperatives produced products and performed work with the utilization of secondary raw materials worth 2.5 billion rubles, including in 1990, worth 1.2 billion rubles, and sold products and services worth 132 million rubles directly to the population. In 1990 the average proceeds from the sale of output and services per cooperative totaled 370,000 rubles.

The average number of workers in cooperatives for the procurement and processing of secondary raw materials is about 27, including 8 persons holding several jobs simultaneously.

Difficulties with the provision of raw and basic materials and transport facilities, the lack of the necessary equipment, and the high rent—these are the basic factors hampering the activity of cooperatives. Modern forms of price formation, tax policy, and credit and financial settlements need to be improved.

The process of forming a network of these types of cooperatives continues. More than 3,600 cooperatives for the procurement and processing of secondary raw materials have been organized and 3,200 have operated in the country as of 1 January 1991. A total of 1,900 of these cooperatives (60 percent of those operating in the country) are located on the territory of the RSFSR, 358 (11 percent), of the Ukrainian SSR, and 258 (8 percent), of the Kazakh SSR.

Bodies of the USSR State Committee for Material and Technical Supply, under which 1,300 cooperatives operate, pay the greatest attention to the establishment of cooperatives.

The development of cooperatives in trade, public dining, and domestic services for the public occurred during the 1987-1989 period. During those years 46,000 cooperatives were established, employing 702,500 people. In 1989 the volume of output sold by them totaled about 6 billion rubles.

Beginning in the second half of 1989 a process of reduction was noted in public dining cooperatives and in 1990, in trade-purchase cooperatives and cooperatives for domestic services for the public. Thus, in 1989 the number of public dining cooperatives decreased by 26 percent and in 1990 by 18 percent.

In 1990 the number of trade-purchase cooperatives decreased by 18 percent and of cooperatives for domestic services for the public, by 15 percent. In 1989 the number of trade cooperatives doubled and in 1990, increased by 32 percent.

The shortage of production and trade areas and equipment is the basic reason for the reduction in the number of public dining cooperatives (often they are provided with greatly worn out and written off equipment). In many cases public dining cooperatives are closed in accordance with the decisions of local soviets of people's deputies in connection with the nonobservance of sanitary norms concerning the production of products and trade rules.

The reduction in the number of cooperatives for domestic services for the public occurs in connection with the changeover to other types of activity. Most of all, there is a reduction in the number of cooperatives for housing repair and construction, which, as a rule, are formally reregistered into construction cooperatives in connection with the adopted decisions on tax privileges for them. Difficulties with the provision of raw and basic materials, equipment, and transport facilities necessary for rendering domestic services are other reasons for the reduction in the number of cooperatives for domestic services for the public.

About 45,000 people, or, on the average, 10 people per enterprise, were employed in public dining cooperatives as of 1 January 1991. In 1990 the proceeds from the sale of output in cooperative public dining enterprises per worker averaged 842 rubles per month.

Public dining cooperatives were initially established for the purpose of producing varied and high-quality products, basically, by bringing in surplus agricultural products purchased from the population, kolkhozes, and other agricultural enterprises and on kolkhoz markets. Meanwhile, throughout the country in 1990 goods purchased in state and cooperative trade make up 15 percent in the total volume of output sold by public dining cooperatives.

Public dining cooperatives develop unevenly throughout regions. Thus, in 1990 public dining cooperatives, on the average, sold output worth 1.5 rubles per resident throughout the USSR; at the same time, no less than 1 kopeck, in Kyrgyzstan; 13 kopecks, in Turkmenistan; 6 or 7 rubles, in Georgia, Lithuania, Latvia, and Armenia.

As of 1 January 1991 three public dining cooperatives operated in Kyrgyzstan, 25, in the Turkmen SSR, 243, in Estonia, and 428 in Georgia.

Trade cooperatives are oriented toward the sale of output of cooperatives for the production of consumer goods and individual labor activity.

A total of 1,600 trade cooperatives, in which 19,000 people were employed, operated in the country as of 1 January 1991. The network of trade cooperatives is by no means developed everywhere. At the beginning of the current year they did not exist in Kyrgyzstan. There was 1 in the Turkmen SSR, 3 in the Uzbek SSR, 209 in Georgia, and 44 in Armenia.

The products produced by production cooperatives and by way of individual activity are sold mainly through the network of state and cooperative trade.

In 1990 the proceeds of trade cooperatives from the sale of output to the population totaled 706 million rubles.

In 1990, on the average, trade cooperatives sold goods worth 87 kopecks per resident in the country. In the Uzbek SSR this indicator did not exceed 3 kopecks. In Estonia trade cooperatives sold goods worth more than 22 rubles per resident.

In 1990, on the average, 574 rubles per month were paid from the wage fund per worker in a trade cooperative, which was 2.5-fold more than in state and cooperative retail trade. In Estonia in 1990 average monthly wages in trade cooperatives totaled 993 rubles, in Moldova, 563 rubles, and in the RSFSR, 361 rubles.

The activity of trade-purchase cooperatives is directed toward the purchase of agricultural products (mainly flowers) from farms and the population and their sale to the population.

These cooperatives have undergone the greatest development in Armenia, where on 1 January 1991 there were 695 of them; in Georgia, 293; in Azerbaijan, 260; in Moldova, 83; in the Tajik SSR, 61; in the Turkmen SSR, 23.

At the beginning of 1991 the number of workers in trade-purchase cooperatives was 52,600 (on the average, 10 people in one cooperative), of whom 10,300 people, or 19.6 percent of the total number, held several jobs simultaneously.

In 1990 average monthly wages per worker in a trade-purchase cooperative in the country, on the average, were 250 rubles and in Estonia, 584 rubles.

In 1990 the volume of output sold by trade-purchase cooperatives totaled 1.9 billion rubles (353,000 rubles per cooperative). In Azerbaijan the volume of trade turnover of one cooperative during the period under review was 58,000 rubles, in Armenia, 113,000 rubles, in Estonia, 984,000 rubles, and in Lithuania, 763,000 rubles.

In 1990 the share of proceeds of trade and trade-purchase cooperatives in the total volume of retail trade turnover of state and cooperative trade made up 0.5 percent.

The bulk of trade, trade-purchase, and public dining cooperatives have been established under enterprises of the USSR Ministry of Trade and the Central Union of Consumer Societies.

The establishment of cooperatives for rendering domestic services for the public, along with production cooperatives, occurs most actively. They account for more than 11 percent of all the cooperatives operating in the country, for about 7 percent of the total number of people employed in cooperatives, and for more than 4 percent of the proceeds from the sale of output (work and services).

Despite the fact that the proceeds of cooperatives for domestic services for the public make up more than 17 percent of the total volume of domestic services, cooperatives were unable to significantly affect an improvement in services for the public and to give competition to state enterprises.

The share of the cooperative sector in rendering services for the repair and construction of dwellings and technical servicing of transport facilities is most significant. At the same time, there are very few cooperative shops for the repair and sewing of footwear, camera shops, and shops for the repair and manufacture of footwear.

In 1990 throughout the country the total volume of services per resident amounted to 56 rubles. In Central Asian republics and Kazakhstan this indicator makes up from 60 to 90 percent of the average Union level. Meanwhile, cooperatives for rendering domestic services for the public develop weakly in these republics. Whereas in 1990 throughout the country cooperatives rendered services worth 10 rubles per resident, in Kyrgyzstan, 3 rubles, in Uzbekistan, 5 rubles, in Tajikistan, 7 rubles, and in Turkmenistan and Kazakhstan, 9 rubles.

Difficulties with material and technical supply for cooperatives lead to refusals to accept orders from the population and in a number of cases to a groundlessly high level of prices and rates of services in connection with additional expenditures on the delivery of raw and basic materials purchased in other regions and their purchase from private individuals at prices greatly exceeding state prices.

Owing to the high level of prices and rates of offered services, which often do not correspond to the quality and quantity of invested labor, for now cooperatives are not very accessible to wide strata of the population. The situation also becomes complicated owing to the fact that preference is given to the performance of work and services for enterprises and organizations, which, in turn, supply them with raw and basic materials and do not make demands on the quality of work and services as the population does. This leads to the fact that in 1990 the share of proceeds received directly from the population for the services rendered it in cooperatives decreases. In 1990 it made up 42 percent as compared with two-thirds in 1987—at the beginning of the cooperative movement in domestic services.

An insignificant share of the work for the population is performed by cooperatives for the repair and construction of dwellings and for the repair of radio television equipment, complex household equipment, and furniture.

The highest proportion of services rendered directly to the population is in cooperatives for the repair and sewing of footwear, for ritual services, and for services for leasing domestic and household articles.

According to statistical data, in the country at the beginning of 1991 there were 10,400 operating agricultural cooperatives, which made up more than 4 percent of the total number of cooperatives. The dynamics of the number of agricultural cooperatives points to the stabilization of the process of establishment of new cooperatives and in a number of republics, to some decline in it. As compared with the beginning of 1990, the number of agricultural cooperatives increased by 23 percent, whereas in 1989 they increased fourfold. In Azerbaijan, Latvia, Kyrgyzstan, and Armenia in 1990 the number of operating agricultural cooperatives was reduced.

According to data based on the survey of agricultural production cooperatives, about one-half of the operating cooperatives specialize in raising and fattening livestock and poultry, 15 percent, in the production of vegetables and potatoes, and 12 percent in the production of other agricultural products (primarily plant products). A total of 11 percent of the cooperatives are engaged in fishing and bee keeping, 5 percent, in growing flowers and mushrooms, 5 percent, in growing seeds and seedlings (planting stock) of vegetable, flower, and decorative crops, 4 percent, in fur farming, and 2 percent, in pedigree animal husbandry.

On 1 July 1990 agricultural cooperative workers had at their disposal 307,000 hectares of agricultural areas, including 62 percent for arable land and 34 percent for hayfields and pastures. Agricultural cooperatives kept 83,000 head of cattle, including 25,000 cows and 56,000 head of young stock, 131,000 head of hogs, 196,000 head of sheep and goats, 2,600 horses (including 900 draft horses), and 1,324,000 head of poultry.

An increase in the volumes of agricultural production by cooperatives is hampered for a number of reasons connected with the unfavorable economic situation in the country and the high degree of dependence of these farms on lessor enterprises brought about by it, which, in turn, determines the high norm of withdrawal of cooperatives' income and hampers the development of a production base by them.

In the total area of agricultural land 61 percent belongs to cooperatives under leasing conditions. One-third of the cooperatives resort to the leasing of land from agricultural enterprises, in 17 percent of the cooperatives land is allocated for temporary use, and in only 12 percent of the cooperatives, for possession. A total of 32 percent of the cooperatives participating in the survey pointed to difficulties with land provision. Cooperatives lease one-third of the productive livestock population,

more than one-third of the available agricultural equipment (as of 1 July 1990, a total of 1,400 out of 3,900 tractors and 357 out of 724 existing combines), 19 percent of the trucks (727 out of the existing 3,800), 43 available cow houses, 48 other barns for keeping cattle, 63 percent of the hog houses, and 66 percent of the existing capacities of vegetable, potato, and fruit storage facilities.

A total of 45 percent of the surveyed cooperatives pointed to difficulties with material and technical supply, 35 percent, with the provision and construction of production premises, and approximately as much, with the provision of seeds, feed, and young stock. A total of 29 percent of the surveyed cooperative workers mention the lack of a market for the means of production and of a reliable repair base and the impossibility to freely purchase equipment, building materials, fuel, seeds, feed, planting stock, young animals and poultry, and so forth, or their low quality, as the reasons hindering work. Under these conditions the help of the lessor enterprise is the determining factor in the continuation of the cooperative's activity. According to survey results, only one-fifth of the agricultural cooperatives operate independently and 45 percent have been organized under agricultural enterprises, 12 percent, under industrial and construction enterprises and organizations, and 9 percent, under procurement enterprises, organizations, unions of consumer societies, public dining enterprises, and so forth. Cooperatives sell more than 80 percent of the sold grain, 67 percent of the potatoes, 54 percent of the open-ground vegetables, 69 percent of the protected-ground vegetables, 49 percent of the melons (food crops), 70 percent of the livestock and poultry, and 97 percent of the milk to enterprises under which they have been established, as well as to state procurement organizations.

In connection with the weak technical base (one-half of the available tractors of such makes as DT-75, DT-74, and T-40 of all modifications, as well as other equipment, are obsolete) expenditures of manual labor in cooperatives are high. The length of the work week of 42 percent of the cooperative workers exceeds 60 hours and of 27 percent, from 50 to 60 hours. In 1990 average monthly wages of workers engaged in agricultural production totaled 230 rubles (on kolkhozes and sovkhozes, 270 rubles). Cooperative workers experience great difficulties in connection with the lack of the necessary infrastructure (the base for the storage of products, power and water supply, a trade network, and so forth). The production base of 20 percent of the surveyed cooperatives is located in remote rural regions. As reasons hindering work cooperative workers also mentioned bureaucratism, red tape, unwillingness on the part of local management and economic bodies to solve problems concerning the development of cooperatives, lack of legal guarantees, difficulties with obtaining credit and enlisting skilled specialists, bad social conditions, negative public opinion, and so forth.

Cooperatives for the output of products for production and technical purposes established, as a rule, at the base of shops and individual subdivisions of operating state enterprises develop at rapid rates. In 1990 their number increased more than 1.5-fold and on 1 January 1991 was 8,900, or about 4

percent of the total number of cooperatives operating in the country. A total of 380,000 people are employed in them, one-fourth of whom hold several jobs simultaneously. In 1990 output worth 5.9 billion rubles was sold, or 9 percent of the total value of output sold by all cooperatives.

In the structure of output for production and technical purposes produced by cooperatives wall materials account for 14 percent, building metal products, 3 percent, and building parts from timber, 4 percent. In 1990 average monthly wages in these cooperatives, including of persons holding several jobs simultaneously, were 417 rubles.

From the regional aspect the development of cooperatives for the output of products for production and technical purposes occurs unevenly. Four-fifths of these cooperatives are concentrated in two republics—the RSFSR and the Ukrainian SSR, including 62 percent in the RSFSR.

The number of scientific and technical cooperatives (planning and design, introduction, and scientific research cooperatives and cooperatives for the development of software and rendering information services) is growing. On 1 January 1991 there were 12,600 of them with more than 300,000 employees, which comprised 5 percent of the total number of persons employed in the country's cooperatives. In 1990 they sold output (work and services) worth 4.5 billion rubles. An extensive application of the labor of persons holding several jobs simultaneously, whose proportion in the total number of workers in these cooperatives makes up 63 percent, is their characteristic feature.

Despite the fact that for two-thirds of the persons employed in scientific and technical cooperatives work is not the basic occupation, average monthly wages, including of persons holding several jobs simultaneously, are high—471 rubles, reaching 498 rubles in planning and design cooperatives. Average wages are 1.5-fold lower in similar state institutions.

The network of medical cooperatives, including health-improvement ones, is expanding. On 1 January 1991 their number totaled 5,000. A total of 86,000 people, including 54,000 (62 percent) persons holding several jobs simultaneously, work in them.

More than one-half of all the cooperatives are located in the RSFSR and about 20 percent, in the Ukraine. Very few of these cooperatives are located in Kyrgyzstan, Turkmenistan, and Azerbaijan.

The appearance of medical and health-improvement cooperatives has made it possible to somewhat lower the load on general health institutions and to more widely enlist physicians of narrow specialization in rendering services for the public, especially where there are no sufficient polyclinics. Some cooperatives provide charitable services, use nontraditional methods of treatment, and engage in occupational therapy for disabled persons.

Along with positive tendencies, there are also negative ones here. There is a decrease in the number of persons employed in state cost-accounting medical institutions, which are

being displaced by cooperatives. Prices of services are high, sometimes exceeding state rates manyfold.

Medical cooperatives do not pay attention to the development of their own production base. They pay less than 2 percent of their income to state institutions for leasing premises, equipment, and materials. At the same time, 66 percent of the income is deducted into the wage fund. As a result, average wages of persons working in cooperatives, including persons holding several jobs simultaneously, amount to about 400 rubles (in similar state institutions wages are 1.6-fold lower).

The activity of cooperatives has not yet given the desired results in saturating the market of goods and services. The outstripping growth of the income of cooperatives over the sale of volumes of products and services produced by them to the population and the lack of real competition between state and cooperative sectors of the country's economy, for which it is necessary to equalize the conditions of their development in matters concerning material and technical supply, taxation, and price formation, are the reasons for this.

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## REGIONAL DEVELOPMENT

### RSFSR Economics Minister on Current, Future Problems

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[Interview with Ye.F. Saburov, member of the Committee for Operational Management of the USSR National Economy and RSFSR minister of economics, by SOYUZ correspondent Lev Aleynik under the rubric "Details for SOYUZ": "A Strategy of Development in the Common Economic Space of the Country"]

[Text] *The peoples of the former, unitary USSR will continue to live together in an environment of mounting economic crisis. The first steps have already been taken in the transition period to create a new system of relations between sovereign republics and to form a new statehood for the country. What ways to form a common economic space are envisioned on the eve of the winter of our discontent? What is to be done in order for all of us to survive?*

*Yevgeniy Fedorovich Saburov, minister of economics of Russia and member of the Committee for the Operational Management of the USSR National Economy, answers these and other questions put by SOYUZ today.*

[Aleynik] You are in charge of general economic issues in the state's supreme organ of executive power. I will admit that I, and perhaps a great number of our fellow citizens, still have no notion of what a common economic space is about, despite an abundance of publications, occasionally with most contradictory information.

[Saburov] Immediately after the failure of the coup, the ministers of economics of all 15 republics gathered together precisely in order to translate this into the realities of a new statehood, to develop a joint declaration on this topic, and

to act further. We agreed that the concept should be based on conditions for the free movement of goods, capital, and people all over the territory of the country, a coordinated currency policy, a unified banking system, a coordinated policy of price setting, and free enterprise. We are having to build such a common economic space at a time of acute crisis in many branches. Many concepts and programs for creating a common economic space have been born. A draft Convention on Economic Commonwealth developed by a group of specialists headed by Academician S. Shatalin has been published. The team of Grigoriy Yavlinskiy is developing the principles of an economic agreement. It is already clear to many people that we will not succeed in forming a common economic space for as long as we are bound by centralized planning and quota-based allocation. This is precisely what we should definitely get rid of, but not each on his own: all sovereign republics together should agree on coordinated deadlines and the pace of implementing radical economic reform in each of them. The Inter-Republic Economic Committee which is being set up should think about this. Delays are pernicious.

[Aleynik] The main objective at present is to arrest the economic decline and feed the country. These vital tasks will not be accomplished in the absence of a common market for the country which, apparently, all republics are interested in preserving.

[Saburov] By transforming it along the lines of new economic thinking. However, having become sovereign states, the republics gathered together again on a different basis, no longer that of the old, unitary Union. It would appear that now is precisely the time to implement the boldest approaches to reform and break down the administrative economic system entirely. However, what is actually happening? Having "run loose" for a short time, a number of republics are already demanding strict economic centralization. Speeches on independence are being made from the rostrums, but actually, instead of creating an extensive market infrastructure, I hear old, tired demands for rigid control over economic ties, compliance with contracts on centralized deliveries, and certain worse things than that. However, I am an economist, and I believe that a catastrophic decline will continue until we actually begin radical economic reform. What kind of a common economic space is it when we "hold the line on prices" in a centralized manner and distribute by quota? We have already been through that when the center threw a monkey wrench into the Russian program of economic transformations, due to which the citizens of Russia wasted half a year, and the situation deteriorated further.

[Aleynik] This is how fate gives you, "a provisional government," the unique opportunity to use the most fruitful ideas and to exercise power and translate these ideas into reality. What do you think is necessary in the immediate future?

[Saburov] To let go of prices, except for a very few frozen prices for key consumer staples. To introduce a market immediately. Tight knots ought to be cut: Given the fact that production plummets as quickly as it does, there is just no time to untie the knots. Our economy cannot go on being "somewhat pregnant" anymore: Subsidies, firm prices, and

so on are a tribute to the old administrative command system. It is necessary to put the tax policy and the formation of the state budget in order: All of us will have to understand that it is impossible to endlessly increase wages due to the growth of prices and the cost of production, and that this is yet another cycle of inflation. However, the privatization of property in favor of those who have created it through their labor, but have been deprived of it, is one of the cornerstones in the foundation of changes.

[Aleynik] What are you already doing specifically to this end?

[Saburov] In a number of republics, they began to appraise enterprises with a view to their transfer to private owners or their conversion into joint stock companies long before the formation of our committee. The success of the endeavor will hinge on our fellow citizens: Will they invest their hard-earned funds in shares and securities, will they want to have a share in production and banking, and to acquire real estate? Or will they rush to blow the money in shops, set out on a pursuit of pleasure, and consume every last penny, without taking care of their children and grandchildren? However, preliminary results of the asset appraisals are altogether depressing. A great many unprofitable enterprises will inevitably go bankrupt. Some people will take risks, and will waste their privatization vouchers for patently hopeless endeavors.

[Aleynik] Incidentally, few people know how the privatization vouchers in question, which are not just being prepared in Russia but in a number of sovereign republics as well, will operate in the common economic space of our country.

[Saburov] The technology is being refined. Without dwelling on the details, this is how it is going to work: An investment deposit will be credited to your passbook account which you will only be able to spend to buy property: Barriers are envisaged to prevent capital from being taken to the shops. For example, plants will be sold and their cost will be announced. You make a decision and offer your investment deposit, your voucher, to buy shares in a plant or shares in several plants. When the plant generates profits you get a share of them too: If the plant performs better and generates greater profits, the shares become more expensive. If the plant performs worse the shares go down, and you try to sell them. If the plant goes bankrupt your privatization vouchers go up in smoke.

[Aleynik] Apparently, a securities market will emerge. However, as world practice indicates, there are very few active people who engage in buying and selling stock themselves.

[Saburov] We do not even have such statistics. They will take their funds to a pension fund, to an "unbankruptable" bank with a good reputation, paying low interest. In the process of pre-privatization appraisal, it may very well turn out that within the common economic space of the country, it is more advantageous to invest money in, for example, some tea-packing factory in Uzbekistan than in a metallurgical combine somewhere in Russia. However, for now there is nothing but barriers: residence permits, red tape in everything that concerns property, the migration of workers,

and the movement of goods and raw materials. We will have to tear this down—there is no other way.

[Aleynik] Let us look the truth in the eye: The popular masses are fearful—in our country, more than 40 percent of the people are poor. They do not expect anything good from changes: Now they will crush us with taxes and hunger, say the people. We will spend the winter shivering; prices for oil and power are about to soar; inflation which will be unstoppable in the entire "common economic space" will be set in motion. In a word, passions are inflamed!

[Saburov] The reform itself appears to be quite hard. We will do everything for our quiet revolution to proceed without blood. Let us not be afraid of inflation all that much. Of course, we are going to combat it. However, people do adjust to it in other countries after all. The Yugoslavs lived with inflation, and lived 100 times better than we do at that. If the people and the leadership have the will to profoundly reform the economy, we will survive the period of transition. Besides, I am not convinced that everybody is all that afraid of changes. Sociological surveys indicate that a majority of the population want changes and understand the essence of the matter.

[Aleynik] This is easy to say. However, for now there are no goods available for our Soviet rubles, which are "wooden" to begin with. The money supply is growing explosively and is out of control. How will the internal convertibility of the ruble, which the Pavlov cabinet promised to introduce effective 1 January 1992, affect the now created common economic space of the country?

[Saburov] Acting on the Pavlov concept means impoverishing everyone. The internal convertibility of the ruble is our dream, but please understand that this involves its exchange rate! This dream will become reality when foreign goods rush in. Apparently, the Baltic countries, the Ukraine, and also a number of others, will have their own currencies—so what... My mother lives in the Crimea, in the Ukraine, and she curses coupons and ration cards, but it is possible to get by, is it not? We have neither the right nor the possibility to ban sovereign republics from having their own currencies. However, if such currencies are introduced, exchanged into rubles, and used to purchase goods, an act of robbery against everyone in the common economic space is committed—the inflation of our common ruble currency is spurred on. I am convinced that the ruble needs to be preserved as an inter-state currency. In this case, we will have a banking system at the level of the commonwealth of sovereign states, and we will be able to act in a coordinated manner, without causing shocks in any of the sovereign states which have joined voluntarily and on an equal footing. We will be extremely careful, since we are mindful of how complex the international aspect of the problem is. For example, Russia should indeed increase the price of oil; it is time for it to stop being a donor. However, at the same time the commonwealth of sovereign states will take a set of measures to control inflation. Otherwise, having pulled at the oil thread, we will cause a breakup in the entire price system and raise a high inflationary wave.

[Aleynik] In a word, you are convinced that even the introduction of their own currencies by the states, by sovereign republics which belong to the commonwealth being formed in the common economic space, will not splinter this space, and that even the circulation of a parallel currency to the ruble, say, the dollar, is possible here?

[Saburov] In other countries, parallel currencies circulate. Even dollars do not interfere with the normal development of the economy. In our country, though, the "wooden" will simply collapse at the very first stage of reforms when it is tripped up by the dollar. Nothing will be a problem once the convertibility of the national currency becomes a fact. However, in the period of transition certain rules of the game are necessary, a number of agreements aimed at preventing the complete disintegration of the economy. I will name several of them: It is desirable to remove all "barriers on the roads" by which goods and capital travel, and to stop counting who is robbing whom—the republics, krays, oblasts, and rayons. Uncivilized methods should not be used in fighting customs. A squabble is underway on account of fuel resources. These issues rank among the foremost in our Committee for Operational Management. I will tell you frankly that I am afraid of these issues. We now have to clean up a mess because in the USSR, they always engaged in patching up holes, being reluctant to relinquish anything, even for the sake of the future. The myth about the patience of the Russian people persists. However, in reality the citizens of Russia are incredibly impatient, and want to live as if in paradise right away. I am afraid of the winter! We will survive it all right. But the danger is that we may draw down reserves necessary to implement the reform. We are forced to act resolutely and in a most unfavorable environment, after the Ryzhkov and Pavlov policies which have brought the country to the brink.

[Aleynik] Be that as it may, the reference point has been different since the end of August, and you will be held accountable. One's dreams involuntarily turn to foreign investments ready to stream in as if from a horn of plenty.

[Saburov] They will not stream in: Proposals have been meager. In general, there are little spare funds in the world. They are available in the Far East, but this involves the unresolved future of the Kuril Islands chain. Capital from America and Europe will not flow right away. Very formidable projects will have to be developed by our side for this to happen. Requests addressed to the "seven" to help us because of our poverty altogether bewilder Western partners: The Russians themselves do not know what they are asking funds for, they say. They are prepared to help us, but in a way also advantageous to them. They cannot waste money either. Meanwhile, we have proven repeatedly and unambiguously that we are capable of taking investment funds and eating them up.

[Aleynik] This is paradoxical: Foreign partners are calling on us to ponder our future seriously, taking care to benefit us and those who will come later. However, many apprehensions have been voiced that "imperialist sharks" will be the first to swim into the now open sea of the free common economic space, and in this case our home grown privatizers do not stand a chance!

[Saburov] Supposedly foreign investors are elbowing others out of line in order to take possession sooner of what factory and plant junk of ours remains after privatization? You have to lure foreign investors here first! The worn out slogan "They are selling Russia out!" is false: Who is going to buy our junk? After all, people buy what is of high quality and good. What do Americans need our goods for when they can have Japanese goods? You have to know how to sell, and we have yet to put our shoulders to the wheel to learn how to do this. The elementary truth is that, in the environment of the common economic space of the country, foreign investors will help us obtain new technology and learn many things, will saturate the market with competitive modern goods, and will generate hard currency. What is so bad about them helping to provide good working conditions for our families, making families affluent, and teaching us to integrate into the world economy? We should get used to a completely different level of economic interaction.

#### Gold Reserves, Theft Allegations Discussed

924A0054A Moscow *IZVESTIYA*, in Russian 4 Oct 91  
p 7

[Article by E. Guseynov: "The Soviet Gold Concepts No Longer Exist"]

[Text]

#### The Gold and Diamonds of Russia Will Become Russian.

"Today we are obviously assembling together for the last time," so stated Valeriy Rudakov, the general director of the powerful conglomerate and all-union concern Glavalmazzoloto [Main Administration for Diamonds and Gold], as he began the recent meeting of the Council of Directors of this concern.

In order to understand the importance of this sentence, one must be aware that Glavalmazzoloto at the present time is the world's largest economic association engaged in the mining of precious metals and stones. Glavalmazzoloto was created in 1988 by merging a number of allied branches under one management. In addition to procuring all of the diamonds produced in the USSR, it also obtains a large portion of the gold and platinum. The exporting of Soviet diamonds and the production and sale of diamonds and platinum are concentrated in the hands of this association. The concern includes approximately 30 lapidary and jewelry factories, 350,000 individuals work at enterprises of this giant and approximately one million live in settlements in the vicinity of gold and diamond deposits and enrichment factories.

Entire elements of this gold and diamond concern are disappearing today during the course of converting the branch's enterprises over to republic subordination, with consequent destruction of the technological chains and economic contacts. The strange market in which our economy appears to have been abandoned in recent years is disorganizing the work of the gold and diamond-mining industry.

In May of this year, in an attempt to maintain the unity of the complex, the leaders of Glavalmazzolota advanced an idea for denationalization of the branch and conversion of its enterprises over to joint stock companies of the closed type. In the process, 85 percent of the stock must be turned over to the enterprise collectives and to the republics in which they are located. The events of August and the rapid disintegration of the USSR cancelled these plans. At the present time, the gold-mining enterprises in a majority of the republics have been placed under the jurisdiction of the local governments. In essence, the gold produced at these facilities is no longer being shipped to the center. It has become clear that it is impossible to maintain the branch in its present form.

It was precisely for this reason that the idea arose in September, approved by the high leaders of Russia, to unite those mines and factories of Glavalmazzolota, located on the territory of the RSFSR, into a Russian corporation for the production and processing of valuable metals and stones. With the broadest rights for its enterprises and associations. The corporation would be open for state combines and for workers' associations of prospectors and for private or mixed firms. The task of the present "gathering" of directors—to hand down a decision on the creation of the corporation.

During the meeting of the director of Glavalmazzolota, those indispensable conditions, without which it would be impossible not only to convert over to a market for the gold and diamond-mining industry but also to ensure its further and normal existence, were formulated. This, first of all, would involve resolving the question of ownership—of the mineral wealth and of the fixed capital of enterprises. And second—the problem of prices. In the opinion of the directors, they must be established at the international level, with a mandatory system for the sale of valuable metal to the state banks of Russia.

During the meeting, the need was recognized for authorizing the licensed development of gold deposits to all those desiring same, including private enterprises, and also the attraction into the branch of foreign capital, but under profitable conditions for Russia.

#### Echoes of Domestic Sensations

The price for gold has started to rise slowly at the large international markets. This became especially noticeable on Monday: the value of a troy weight ounce (approximately 31 grams) on the New York market increased during the day by five dollars and reached 354 dollars. Today it is difficult to

say if this was the result of the "calming" declaration by G. Yavlinskiy, who stated that the gold reserves of the USSR were practically exhausted and, consequently, there no longer is a potential threat to the market for this metal. It is possible that equal importance is attached to the slight reduction which began on Monday in the rate of exchange for the dollar, which will last, in the opinion of the experts, until the end of this week.

Judging by the initial reaction of our own mass media, the sensational interview of G. Yavlinskiy, which was broadcast on Friday, generally did not greatly surprise our Soviet society. Of itself, the fact that the gold reserves of our country, which occupies second place in the world in the mining of this metal, are almost completely exhausted, is horrifying. So also are the rates at which the communist government squandered that which in essence did not belong to it. The figures cited by Yavlinskiy arouse definite questions. If, as he maintains, only 240 tons remain in the gold reserves (it bears mentioning that the Soviet economist is nevertheless not entirely accurate, since he claimed that this is the volume of the annual extraction—Informed individuals of IZVESTIYA within the Glavalmazzoloto Association and Minatomenergoprom, which is also engaged in the mining of gold, state categorically that more than 300 tons of this metal are produced annually in the USSR) and if, as stated by Yavlinskiy, the gold reserves declined by threefold during the past year, this would mean that at the beginning of 1990 the USSR had at its disposal no more than 1,200-1,500 tons. It is recalled that at the beginning of perestroika the western experts estimated the size of the USSR's gold reserves to be on the order of 2,500-3,500 tons. We must take into account the fact that up until 1988 the amount extracted in the USSR exceeded the amount sold. There was an accumulation of this metal. After gathering all of the figures together, we draw the conclusion that over the past three years the governments of Ryzhkov and Pavlov, with the approval of M. Gorbachev (such was the system), spent gold valued at 25-30 billion dollars for obscure and incomprehensible purposes. In the process, the foreign debt of the USSR, during the same period of time, increased by not less than 35 billion dollars. In any normal country, a long-established governmental or parliamentary committee would have demanded a report from the president and his premiers covering such a fantastic expenditure. Or could it be that a portion of the former Soviet gold will still make an appearance? Or could it be that Yavlinskiy misinformed us. In any case, it appears to me that the solution to the mystery of the Soviet gold which disappeared still lies ahead.

## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Views of Market Role Aired

#### RSFSR Agro-Industrial Complex Criticized

924A0041A Moscow ROSSIYSKAYA GAZETA  
in Russian 31 Aug 91 p 8

[Article by Yelena Tokareva: "Price Market, Not Food Market"]

[Text] The delivery of grain to the government is looking more and more like a brutal novel by the writer A. Belyayev, "Seller of Air." On the eve of harvest operations the Russian authorities, foreseeing the difficult duel with the monopoly grain producer, the APK [Agroindustrial complex], burst out with two orders signed by Boris Yeltsin and Ivan Silayev. The orders have to do with the procedure for procuring grain by the government during this "transitional year." It clearly draws a boundary between the independence of enterprises and their rights to participate in the market in the interest of "all the people." The order defends the interests of "all the people" with the aid of a tax in kind that is mandatory for all grain-producing enterprises in the republic. Seemingly it is not a large tax, comprising only one-third of the proposed grain harvest, which scientists estimate at 97 million tons. Only 30.8 million tons of grain must be sold to the government by enterprises for the fixed price of 200 rubles per ton. For the remainder, if it is sold to the government and not to numerous middlemen, a promise of payment at world market rates, i.e. at \$100 for each above-plan ton, has been made. It would seem that the order gives the advantage to the enterprise, thereby providing only minimum protection from hunger to populations in industrial centers, especially those like Tyumen or Uzbass, which do not produce sufficient food. But alas, a mutual understanding has not been reached between state agricultural enterprises and government authorities. In this situation state agricultural enterprises are acting like kulaks of Stalinist times, hoarding their grain and directing ultimatums at the authorities from time to time. Right now the directors of regional agricultural structures are struggling to decrease the tax in kind that is already an incentive. Vociferously working to decrease it are Krasnodar Kray and Stavropol Oblast, which are the main breadbaskets of the republic. According to reliable sources, other oblasts which are considered grain regions are secretly and hastily building new grain storage facilities while preparing to trade with potential grain buyers with fervor, efficiency and great advantage to themselves. There is evidence that at the MTB [Moscow technical bureau] transactions have been registered for the purchase of 2 million tons of grain, which is equivalent to the entire tax in kind of Krasnodar Kray. Moreover, the price for a ton of grain in this transaction is not 200 rubles, as with the government, but 1,200 rubles. We are receiving information that Georgian and Baltic purchasers are now paying 5,000-7,000 rubles for

a ton of grain. Evidently, such high grain prices (up to \$200 per ton) have been dictated by the grain panic and the fear of non-grain producing republics that in a free market there will be very little grain and that everything will go to taxes in kind. It is quite possible that grain sellers are purposefully starting rumors about the super-shortage of grain this year in order to raise prices for their goods. In general today the experts note that raising prices for wheat will result in an abrupt drop in the size of the livestock herd because the profitability of meat production as compared to that of grain production is laughably small. Let us say that the profitability of meat is assessed at 6 percent; the profitability of grain production is then 1,000 percent or more.

In connection with the situation that has developed two questions arise immediately. How could it happen that the interests of government agricultural enterprises are so different from those of the government itself? Secondly, what should be done in a situation of food crisis, which is always a crisis of power?

Two opposing tendencies develop. The market and anti-market are struggling today not only within the sphere of scientists-economists who are despised by agronomists, they are actually struggling in real life. In the spring G. Kulik, RSFSR Minister of Agriculture, soberly announced that grain prices cannot be slackened during the period when production falls, but today, having given in to pressure, he agreed that beyond the limits of taxes in kind prices should be free. The same thing is occurring in the RSFSR Council of Ministers, which is creating a radical market program of economic development and at the same time is signing an authorization for oblast executive committees to regulate the shipment of grain outside the oblast with the help of oblast licenses. Grain produced above the level of taxes in kind! Where are our principles, a reader will ask. Today the government, trying to leave the grain monopoly behind, is expressing the apprehension of all the people that no other market but a price market, which we already have in the country, will be created here in this country during the next 6 months. We need time to create a grain market. But enterprises want a market immediately. This year the smell of paper money has already turned their heads. They demand free prices but the Russian government is not allowing this, fearful of social unrest.

Are the market aspirations of agrarians absolute? Of course not. They want to live according to market laws within a socialist milieau regulated by a strong government. Enterprises would like to receive GSM [Oil and lubricating materials], equipment, automobiles, herbicides, fertilizer and services—everything that is needed for the harvest, according to low government or subsidized prices but then to themselves take advantage of the privileges of free prices for their products. A secretary of the party rayon committee expressed this idea to me about five years ago.

I, in contrast to my colleagues in radical publications, cannot with assurance fault the Russian government for

the old-fashioned attempt to introduce taxes in kind for grain, because facing all of us is the interesting phenomenon of so-called free prices for fruits and vegetables. Today all of the cities in the Soviet Union are overloaded with melons and watermelons being sold at free prices, which exceed last year's by a factor of 10. The products are rotting because they are inaccessible to most of the population. Incidentally, for the most part their quality is abominable—the nitrate content exceeds all tolerated norms. But prices are not falling. For sellers who bought the goods from the producer for sufficiently low prices it is more advantageous to maintain high prices and to tolerate a 50 percent loss of goods than to decrease prices to the general accessible level. This can be done only when there is a complete absence of competition among sellers as well as producers, as well as when we have the supremacy of a trade mafia of a certain type in large cities. We have no laws against monopolies and we have no laws limiting profits. In the West they exist and they are attributes of a civilized market.

The next question is what to do. Last year the government, following an old tradition, decided to stimulate the above-plan sale of grain to the state. This refers to the well-known "Check-90," and this year—counter-deliveries of equipment for agricultural as well as consumer purposes were promised. Our local correspondents report that the peasant no longer believes the government. He is yelling, "Where is everything that was expected according to 'Check-90' last year?"

Televisions, refrigerators and automobiles which the government promised to pay "the peasants" will probably not get to those who are sitting on tractors and combines. All of these good consumer items, as well as the humanitarian aid from abroad, settle mostly somewhere in administrative structures which distribute them in the APK and rayon committees with executive committees. This is the way it really is. The fellows like power. The APK, as a rigid bureaucratic system, is based on the exploitation of workers and has its own interests that cannot be reduced to food production. The APK wants to work for itself. It is not surprising that today many enterprises boycott taxes in kind, preferring to eat the harvested grain and state herd. The system has become enclosed within itself and has begun to devour itself. Already last fall and winter many oblasts and their party-management organs were starting to threaten that they would curtail production to a level that would meet their own use only. Increased prices for production, the so-called liberation, are resulting not in increased but in decreased production everywhere.

In today's demagogic system of political proofs a dogma has arisen that holding back prices for a particular type of product means acting undemocratically and interfering with the development of the market. When there is no competition among producers how can we speak about free prices? With whom are our sovkhozes competing when they write the product produced by private parties into their aktiv? What competition can we speak of if a product produced by a farmer or peasant on his

own private plot is still sold to the APK at its price? There is only one seller, it is a monopoly, and this is no market and no democracy.

Recently there have been enough agricultural products to supply the cafeterias of so-called budget organizations—kindergartens, hospitals and prisons. At home we eat that which is sold in the market at prices which are beyond our wages. Today it is absolutely clear that in the country there is an urgent need for a real producer of food who is interested in having food produced. The answer to the question of what to do lies within this sphere. But the free producer, awash in bloody tears, is being formed slowly out of the current struggle. It is clear from our publications that a very real political struggle is being waged against this free producer and that the Russian government does not always have the necessary firmness to implement a policy in the interest of the people whose interests coincide with this production. Up until today farmers have been receiving crumbs from the government's generosity, through that same APK system. It is the farmer who is absent from the highest lawmaking body of the RSFSR—the Supreme Soviet. Because of this, the Russian government has been forced to experience pressure from the Supreme Soviet. On this background the grain problem is an indicator of how a system that has become a monopoly behaves.

Today the question of what to do may require a tough response—evidently, the grain will have to be shaken out of sovkhozes and kolkhozes. Of course this will not be done with the help of armed detachments, but by severe economic methods. We must admit that despite the monopolistic stance of the APK as a producer, the grain does not belong to it. This is a national product produced by equipment, oil and lubricating materials and other materials obtained by state order and harvested with the aid of city residents and soldiers. Sovkhozes and kolkhozes themselves are not independent or cut off from the budget by producers even today. There are strict concepts in existence. For example, those enterprises which do not wish to implement the food tax will be forcibly privatized, i.e. from state enterprises of the APK system they will be transformed into associations of free producers according to the existing republic land code.

I feel that in the given excited situation regarding grain it would be possible to flood the country's market with food from Eastern Europe, as for example Poland, as well as from China, if, of course this is not interfered with by idiotic duties introduced by especially intelligent national structures. The influx of better-quality goods from countries which have adequate quantities will enable us, in the absence of competition within the country, to show our weak producer, the APK, that we really do not need its services very much.

It is clear today that the market is not developing within the country. Squabbles between monopoly producers are in progress. The agricultural monopoly, the APK, is struggling with the industrial monopoly, and the former

power monopoly, the communist party, is struggling through the APK against the Russian government. Unwittingly one again remembers the novel of Aleksandr Belyayev, "Seller of Air," which was read in childhood. Our sellers have already reached the slice of bread. Maybe the air is next.

**Academician Stresses Need for Order**

924A0041B Moscow SELSKAYA ZHIZN in Russian  
24 Aug 91 p 3

[Article by V. Boyev, VASKhNIL [All-Union Academy of Agricultural Sciences imeni V. I. Lenin] academician: "We Need a Market, Not a Bazaar"]

[Text] When one analyzes world production of agricultural products, one arrives at the conclusion that the most inexpensive and best quality wheat is produced in Canada, the U.S. and Argentina, the best soybeans and corn—in the North American state of Iowa, the best coffee—in the countries of South America, the best wool—in Australia, and the best citrus products—in the Mediterranean. This geography is not accidental. It is the result of the interaction of a complex of factors, including climatic, economic, social and a number of others. For example, we know that the farmers of California and Florida (U.S.) meet year-round demand for vegetables, fruit and grapes in fresh and processed form in almost the entire country, including Alaska, on the basis of the skilful use of their resource potential and thorough agricultural specialization.

In this sense our country's agriculture in its nature and principles of operation is no exception. Under the influence of soil and climatic and other production factors (including product demand) specialized zones of agricultural production and the corresponding infrastructure developed in the country. The enterprises of Central Asia became dependable suppliers of cotton. Areas in the Transvolga, Siberia and Kazakhstan provide considerable quantities of first-class wheat and wool. The Ukraine and the chernozem center produce sugar beets and grain. Areas of the Transcaucasus and Moldova produce fruit, grapes and warmth-loving vegetables. The Non-Chernozem Zone produces potatoes, flax, meat and milk.

All of this speaks of the fact that territorial (zonal) production specialization in the APK in conjunction with scientific-technical progress, the reform of forms of property and the improvement of labor organization and incentives, is one of the great reserves for increasing the volume and improving the quality of agricultural products and for increasing the effectiveness of capital investments and labor expenditures. This is a truism. However, in assessing the real situation that is developing today within the country's agroindustrial complex, we must admit with alarm that what was a truth for everyone until recently has actually begun to be trampled upon.

In connection with the increase in so-called territorial sovereignty there has been a clearly unthought-out break in production and economic ties among union republics as well as among intra-republic administrative formations that had developed in the course of many years. The rational striving for food self-sufficiency of regions is basically becoming the opposite. The losses facing enterprises, regions and the country as a whole have already become clear as a result of the attempt by authorities of some republics, oblasts and even rayons to liberate themselves and cut themselves off from other regions by means of various types of prohibitions and limitations, up to introducing border duty checks as well as an orgy of prices. In traditional cotton-sowing regions the curtailment of cotton production has begun. In regions of industrial beet cultivation enterprises are changing their specialty to the cultivation of potatoes, feeds and other products. The same thing is happening in zones of commodity fruit and vegetable farming and viticulture.

Because of this unthought-out approach and of sometimes inexpert decisions livestock and poultry raising are suffering in particular. In enterprises of the public sector egg production is being curtailed. This naturally exacerbates the already-urgent shortage of this product, not to mention the losses that result from the worsening of the economic results of poultry factory operations. Most likely no one will begin to affirm that this kind of "strategy" of APK development has any economic basis.

The goodness of nature, which to a certain degree is manifest in zonal and microzonal differences in production conditions should not be ignored but accepted gratefully. In regions with conditions favorable for cultivating cotton, as let us say, within the framework of contemporary agrotechnology, priority should be given to this crop. In analogous zones in order to develop potato farming it would be necessary to produce such yields of tubers that they would suffice for local consumption and for shipment to other regions of the country as well.

Those who are trying to implement a course to break apart inter-territorial ties should remember a simple vital truth: if you begin something you must at least know how it will end. There can be only one end result of de-specialization of agricultural production—a sharp decrease in its effectiveness and a deterioration in the lives of the people. At the beginning of this year due to the interruption of cotton deliveries about 500 textile enterprises remained idle.

It must also be said that the curtailment of product deliveries from some regions in the form of inter-republic exchange has begun to be compensated for by unbridled (not by percentages, but by factors) increases in prices for their products. In this case no consideration is made of the fact that such "tricks" will unfailingly result in great counter-changes in prices for those products and goods which will be delivered to them. This

once again proves that the price game is a very dangerous matter. It leads not to contemporary market relations but to a feudal bazaar.

Today a dependable solution to the crisis situation can be found not only in well-organized price formation. Today as never before we need efficient organization of production and product sales that will achieve a high level of contractual discipline for shipments. We must increase responsibility for the results of production and sales at all levels of the economic hierarchy not in words but in deeds. Of course we must provide an economic incentive for this for every participant in the production, processing and sale of goods.

**Academician Yemelyanov on Public Sector Enterprises in Transition**

924A0080A Moscow SELSKAYA ZHIZN in Russian  
16 Oct 91 p 2

[Interview with Academician A.M. Yemelyanov by N. Nikulina: "Academician Aleksey Yemelyanov: Are We Really Poor?"]

**[Text]**

[Nikulina] Aleksey Mikhaylovich, the people are increasingly often asking each other: Are you in favor of kolkhozes [collective farms] or against? Is this a legitimate question? In general, as you see it, which forms of ownership and modes of economic operations are the most effective in the rural areas? At present, many specialists and politicians make peasant farms a priority. To what degree is this justified?

[Yemelyanov] Forms are needed within which peasants would become interested masters. Only he who is a proprietor can be an interested master. Peasant farmer operations are the most commensurate with this task. There is a reason why precisely such farming determines the identity of the agrarian sector throughout the world. Such farming should be supported in every way possible in our country as well.

[Nikulina] Is this to say that the farmer mode will become dominant in our rural areas?

[Yemelyanov] Not in the foreseeable future, even if it is supported in every way possible. Actual conditions are the reason. I mean not only difficulties with obtaining land, machinery, credit, and so on. There are many problems in this sphere, and they interfere with the establishment of the farm economy. However, let us assume that these problems have been solved. The main constraint, the social base, will remain. Three generations of rural residents have gone through kolkhozes and sovkhozes [state farms] which have obliterated the gene of entrepreneurship in most peasants. Starting one's own farm means taking risks and being responsible for everything. This is why very few people go for that.

We should help such farming enthusiasts in every way possible. However, we cannot by any means speed up the process and turn it into yet another campaign. Coercion should be avoided in order not to replicate the tragedies of collectivization. The most reasonable approach would be for the peasants themselves to chose how to work the land. For now, kolkhozes and sovkhozes remain the prevailing form of economic operations. This reality should be taken into consideration in politics, which unfortunately is not necessarily the case. Even B.N. Yeltsin and I.S. Silayev emphasize this new form excessively in their presentations as they express support for the new peasant mode, unwittingly leaving kolkhozes and sovkhozes in the background. As a result, one gets the impression that they ignore kolkhoz and sovkhoz production. This brings about confrontation between the government and the leadership of the republic, and kolkhoz chairmen and sovkhoz directors. I believe that this explains to a considerable degree the position of many agrarian deputies in the Russian parliament and their resistance to agrarian reform laws. I believe that politicians should indicate their emphases in a more refined manner.

[Nikulina] We have come to the conclusion that for now, kolkhozes and sovkhozes will determine the identity of agriculture. However, what is in store for them? Will they remain what they used to be, and what they are now?

[Yemelyanov] Kolkhozes and sovkhozes provide, and will continue to provide the bulk of output. This is a reality of the present day and of the foreseeable future. However, that the kolkhozes and sovkhozes in their present form are doomed, and that they have no future, is likewise a reality. This is why the task is for the peasants to become masters, not only within the framework of a new farmer mode, but also within the system of the public sector. The transformation process is already underway in various forms. In some cases, families are separated into peasant farms, with land and resources allocated to them, but within the framework of kolkhozes or sovkhozes. In other cases, several workers or families unite in a sort of cooperative. In addition, kolkhozes and sovkhozes are converted to joint-stock and leasing forms. Practice also suggests other forms. They have one point in common: The process of transformation of the kolkhozes and sovkhozes proceeds on the basis of cooperative, democratic principles, from the grassroots up. A farm becomes a cooperative of primary, lower-ranking cooperatives of sorts. However, I must note that the effectiveness of such transformations often depends on the position of and competence of the heads of farms and the confidence their fellow villagers have in them. Let us recall, for example, the virtually legendary Veprev and Chartayev.

[Nikulina] Our entire longsuffering economy is now proceeding toward the market. To what degree are our kolkhozes and sovkhozes prepared to do this? What problems and difficulties will they face in this instance?

[Yemelyanov] It is known that mature market relations presuppose that the farms are free both to sell produce and procure resources. In conjunction with market programs, proposals were voiced to altogether abandon all state requisitions or taxes in kind, as well as the allocation of industrial resources to kolkhozes and sovkhozes by quota. Outwardly, such concepts win one over. Farms have always suffered because of regimentation, whereas this is complete freedom! However, this freedom may turn out to be illusory. After all, we do not have an infrastructure for this mechanism: A market infrastructure presupposes the existence of an extensive system of organizational forms for relations between producers and consumers, of which exchanges are one of the links. Of course, powerful farms whose leaders are well known in the country and have extensive connections will be able to sell products profitably and find the needed means of production in the exchange. Average kolkhozes and sovkhozes which are typical of our country, may end up in a situation which is worse than now. Think for yourself: Who will they sell their products to? After all, we do not have a network of procurement agents and processing facilities who would compete for them! Such a farm will develop an even greater monopoly dependency on the existing organizations and processing enterprises.

Besides, how will a regular kolkhoz or sovkhoz get itself machinery, spare parts, and other resources, given our current universal shortages? Are they to approach plants directly? No, this will not work out for them because no infrastructure has evolved in this sphere as well, but monopolistic pressure on the farms will merely be reinforced. What I am driving at is that transitional measures are needed which combine state requisitions with a market mechanism. However, there is a mandatory condition: State requisitions for products should be supported by the state through guaranteed deliveries of needed technical assets to the farms. The sphere of state regulation will be narrowed, and free market economic operations will expand as the market infrastructure is formed and the ruble is reinforced. Incidentally, a similar mechanism of transition was used in other countries as they moved toward a market economy. Academic radicalism on these issues, which some economists and theoretician-scholars preach, smacks of adventurism of the purest hue.

[Nikulina] Aleksey Mikhaylovich, all of these are issues for the remote or immediate future. However, let us go back to the present. The situation in the foodstuffs market of the country is extremely difficult. The population buys virtually all foodstuffs on ration cards and coupons. Bread sales have also been restricted. Do you think that this is associated with a poor harvest?

[Yemelyanov] No. This year's crop is not bad at all, and not only the grain crop. This has to do with us losing tremendous quantities of products because of the underdeveloped infrastructure, and a lot of it right in the field when we do not manage to collect in time what has been grown.

[Nikulina] You are saying that the crop gives no rise to alarm. However, a lot has been written about grain procurement failing, and about people perhaps ending up without bread, and poultry farms and hog-breeding complexes without concentrated feed! What is to be done?

[Yemelyanov] Indeed, the crop is not bad. Apparently, about 190 million tons will be harvested. This is quite enough under regular management. However, so far the state has procured less than 40 million tons. Kolkhozes and sovkhozes are hanging on to grain and failing to fulfill state requisitions. This is not their fault: The state is not fulfilling its state order for the deliveries of machinery, spare parts, fertilizer, and other resources to the rural areas. In addition, everything has become incredibly more expensive. This is why the farms hang on to grain in order to get at least something through barter. In the process, the rural population loses again. Industrialists dictate their terms as monopolies, violating the proportions of exchange. As a result, barter transactions are not performed on an equal footing, and the rural areas are once again left holding the bag.

[Nikulina] Is this situation unavoidable? Is it possible to do something to overcome it?

[Yemelyanov] It is not only possible but necessary. Since it is recognized that foodstuffs are the worst bottleneck, on which solving all other problems depends 70 percent, we should revise our resource policy accordingly. Sufficient quantities of motor fuel and technical assets should be allocated to the rural areas. You will ask me where to get them from. From other sectors. Who will explain why there is no metal for the plants of agricultural industries, and yet it is found as soon as other industries want it? Besides, the military-industrial complex should be squeezed. After all, sufficient quantities of the best resources are provided for it.

[Nikulina] This is to say that there are reserves. All that remains is to reallocate the resources in favor of the rural areas, and provide them to the rural areas in exchange for grain and other farm products. However, how is this to be done when we are so poor that even basic construction materials and glass are in short supply?

[Yemelyanov] We are not all that poor. It appears to me that urban dwellers may be asked to give up something, in particular, allocations of passenger cars. They are much more necessary in the rural areas, incidentally, in order to bring the berry and vegetable harvest and milk to city markets. Meanwhile, the rural residents are allocated several times fewer cars per the same number of population. There should be no cheating in this policy. The episode with the "Harvest-90" checks is enough.

[Nikulina] One more question concerning grain. As I understand, it will be quite sufficient for us if the harvest comes to somewhere about 190 million tons (in bunker weight). However, the view is common, and it is being continuously stressed at present, that to make ends meet we need no less than 240 million tons. Incidentally, this

is precisely the harvest we had last year, but we also made additional purchases abroad. How does one go with the other?

[Yemelyanov] Indeed, there is such a concept. However, it rests on old, volume-oriented thinking. I will use a generalized comparison in order to clarify the issue. We annually consume about 800 kilograms of grain per capita for table use and as cattle fodder. In the EEC (which includes 12 European countries), they use about 500. However, over there the people have both bread and various products of animal husbandry. At times, they have a problem with where to export all this wealth.

The structure of the grain balance and the policy of grain production and consumption are our main woes. Indeed, how can a situation be considered normal wherein 120 million tons of grain are annually fed to cattle in our country! In the process, very much wheat is used instead of more effective grain fodder crops. Besides, about one-half of the grain fed to cattle is used in its natural form which further abruptly reduces the yield of products. The quality of domestic mixed fodder concentrates delivered to the farms is extremely poor and they are unbalanced. At the same time, wastes from meat packing, fish, and dairy industries are literally thrown away. Besides, we are still kept hostage by old thinking; for some reason, we reduce everything to grain and thus back ourselves against the wall. Meanwhile, the consumption of grain may very well be compensated for by roughage and juicy fodder, especially for cattle. This is not only more efficient economically but also more feasible biologically.

[Nikulina] Aleksey Mikhaylovich, if you were a journalist what question would you ask yourself? There are no restrictions as to the topic.

[Yemelyanov] Perhaps I would ask when we will finally stop feeding the people with programs instead of food-stuffs?! After all, as soon as public opinion and the deputies begin to demand that the leaders account for the difficult situation in the country, a traditional reply follows immediately: We understand this; a program is being worked out which will make it possible to resolve everything. Subsequently, everything begins anew... until another program. At the same time, nothing is done to resolve the obvious and not too complicated issues which we have discussed. It is time to really hold people accountable and give them their due...

[Nikulina] Do you subscribe to our newspaper, and what is your attitude toward it?

[Yemelyanov] I have been virtually a lifelong SELSKAYA ZHIZN subscriber. I began to subscribe to it a long time ago, many five-year plans back. What attracts me in the newspaper? Quite extensive factual coverage of the development of agriculture and rural life in various areas of our country, and the experience of solving the economic issues of developing new forms of economic operations. As I see it, advice on farming auxiliary plot,

home economics, and common and everyday issues is useful to a broad readership.

Of course, I do not share all the positions of the publication, I do not agree with everything. However, this is quite natural; in the absence of this, there is no pluralism. From the position of professionalism in coverage, SELSKAYA ZHIZN, the only rural newspaper with a tremendous circulation of 4 million, works for and on behalf of the rural areas, advocating the interests of the peasants. This is why I have subscribed to SELSKAYA ZHIZN for the next year as well.

## REGIONAL DEVELOPMENT

### Kazakhstan Grain Harvest Support

#### Extraordinary Situation Declared

914A1240A Moscow TRUD in Russian 26 Jul 91 p 1

[Article by O. Kvyatkovskiy: "ChK [Extraordinary commission] at the Harvest"]

[Text] By decree of N. Nazarbayev, President of the Kazakh SSR, an extraordinary republic commission for agriculture has been created.

In recent weeks on republic fields the situation has become even more complicated and the heat is not abating. Already over one-third of grain crops have burned up completely. On the hectares that have survived the first threshing in southern regions is much smaller than last year. There has also been a shortfall in hay, haylage and grass meal.

The republic faces a difficult food year. Frost and drought and the failed harvest will have a negative effect on the production of animal products.

The extraordinary commission under the leadership of Prime Minister U. Karamanov and the corresponding commissions in oblasts and rayons have received extensive rights. They will establish assignments regarding the sale of agricultural products for state resources, implement the redistribution of these products and the mobilization of transportation and the able-bodied population for harvesting operations, determine sources for material-technical resources, and distribute them to meet agricultural needs.

#### Harvest Status, Difficulties

914A1240B Moscow TRUD in Russian 18 Sep 91 p 1

[Article by O. Kvyatkovskiy, Kazakh SSR: "Excesses on the Grain Field"]

[Text] By the end of the first 10 days of September grains were harvested from most of the fields in Kazakhstan. The amount of threshed grain equalled 8.3 million tons, and productivity was slightly above 6 quintals. Virgin land granaries are not full.

In the northern part of the republic the harvest has been a nervous one. For many this wild picture has become the norm: herds grazing on grain fields. Thousands of hectares have been left to the animals for feed. Only half of the grain fields were assessed as satisfactory at the beginning of the harvest period.

The mess started in the spring. Sowing dragged on because of a shortage of spare parts. There was a shortage of herbicides, then there were interruptions in supplies of petroleum and solar oil. In general at all stages of grain farming genuine "barter with a vengeance" took place. It is this that allows industry, which supplies equipment and materials for the village, to increase profits while decreasing production.

"Smart operators are warming their hands on agricultural shipments—they are taking real bribes," reported V. Dvurechenskiy, head of Kazakhstan Minselkhozprod [Ministry of agricultural products]. "For a KamAZ they demand 5,000 rubles from the sovkhoz director for the 'necessary man.' For K-700 tractors 20,000 more than the state price must be paid. Everyone knows this but remains silent. There is simply no other way to obtain machines and spare parts."

Not only "metal" but also people have become the object of barter transactions. For each machine operator sent to Kazakhstan, the Ukraine and Moldavia 20 tons of grain, as well as meat, butter and other products, have been demanded. Incidentally, even fellow-countrymen are not loathe to twist the arm of the grain farmer. Here is the story that was told in Sovkhoz imeni Altynsarin of Kustanay Oblast. A. Strelnikov, the head of the Semiozernoye ATP [Autotransport enterprise], based the work of his gas transporters to ship fuel for the enterprise on completely extortionist "preliminary circumstances." It was necessary to give up its services, and now every day the enterprise sends its antedelluvial tractor trailer with cistern to a gas station 150 kilometers away. The ultimatums of transporters do not add grain or fuel. Only insults and anger are growing in the hearts of grain farmers.

"I will not submit another gram to the state," says N. Shkodin, director of Ulyanovskiy Sovkhoz in Northern Kazakhstan, growing angry. "Last fall I delivered 900 tons, for which I was promised shale oil and much else. But I received nothing..."

"Partnerships" and virgin lands directors and chairman who have learned through bitter experience now feel like submariners on an autonomous and risky trip. They do not believe anyone and trust only themselves. The Ulyanovskiy built an excellent threshing floor earlier, with paved platforms and new storage facilities for the grain. Everything is available here for the rapid cleaning and partial treatment of grain and for its long-term storage. But will the enterprise be able to survive alone against the growing excesses and to hold back from similar countermeasures?

I visited many settlements this fall. Sometimes I simply did not recognize the always honest and moderate virgin lands farmers. That devilish desire to "rip off your neighbor" had arrived here too. Kustanay's Zhiger cooperative brought its excellent durum wheat to the Mikhaylovskiy Grain Reception Point, where it was all assigned...third class. S. Khalykov, the young director of Zhiger, had to wage a formidable battle to save the reputation of his first-class grain and 34,000 "relatives." It is unbelievable but a fact that this year of severe drought has also been marked by a grain thievery, the likes of which has never before been seen in the virgin lands. The miserable "assessments" for stolen grain only urge on thievery—a ton of grain can be exchanged for a bottle of Pshenichnaya.

"There is disorder in the country, but after all, the grain is not at fault," said N. Fitz, Kokchetav combine operator who carries out four quotas per day. His fellow-countryman N. Shegeda himself decided to forget about retirement rest and took a combine out for his fortieth harvest. There are a great many examples of selflessness and genuine heroism. But to what extent can we place our hopes in "labor impulses" and on the good conscience and patience of grain farmers?

Yes, people are doing their work right now and are ready to do it to the end. Nikolay Shkodin, sovkhoz director, easing his mind, told us at the end of the interview:

"All right, we will submit our grain. The people have to be fed. After all, they are not to blame for the fact that the government is not fulfilling its obligations. The problem is how we will survive after that..."

As if they have agreed upon this, all "experts" refuse to make harvest predictions. The fields are multi-colored and varied; productivity varies from 1 to 15 quintals. Judging by everything, Kazakhstan can count on 16-18 million tons of grain. But even this very modest amount of grain for the virgin lands will be harvested by means of forces and opportunities that are stretched to the maximum. Alas, we don't know how to do otherwise.

#### New Field Techniques Tested

914A1240C Moscow SELSKAYA ZHIZN in Russian  
4 Sep 91 p 2

[Article by S. Gorbunov, Pavlodar: "Be Careful, 'Steppe Vessels'!"]

[Text] It looks like the scientists of Melitopolsk Institute for the Mechanization of Agriculture and the grain farmers of Pavlodar Oblast will become pioneers in a new grain-harvesting technology.

They were able to combine two farming operations—harvesting and putting moisture into the soil. Scientists have developed a mechanism that does not cut but combs out spikes like a comb, leaving straw "twigs." According to the opinion of Pavlodar Oblast Agricultural Testing Station specialists, this mechanism has

several advantages over the regular method of using combines. First of all, it can be hung on the tractor or other equipment. Secondly, the new ear-collector allows farmers to work during damp weather and when grains have lodged. In productivity the method is not inferior to the best examples of domestic combines.

Time will show whether the Melitopolsk module will push regular combines off the fields. But already today they have shown themselves to be competitive. It is possible that with time, with the ever-growing cost of equipment, they will push out the "steppe vessels."

#### Extraordinary Measures Adopted

914A1240D Moscow SELSKAYA ZHIZN in Russian  
21 Aug 91 p 1

[Article by SELSKAYA ZHIZN correspondent V. Yel'fimov]

[Text] The Kazakhstan SSR Cabinet of Ministers has adopted urgent measures to establish state grain reserves in the republic.

Grain delivery plans have been levied on the oblasts. The sale and export of grain beyond the borders of Kazakhstan, including barter exchange, have been forbidden. Licensing has been introduced. In addition to strict prohibitions, the resolution also stipulates measures for material incentives. Grain procurement enterprises will buy all barley and oats at double the price, and the price for food grains sold after reaching the 70-percent point in plan fulfillment will be tripled. Mixed feed exchanged for grain will cost the rural populated one third less. A large quantity of consumer goods has been allotted for counter sales.

#### Grain Procurement Incentives in Ukraine, Kazakhstan

##### Incentives to Farmers in Ukraine

914A1235A Moscow RABOCHAYA GAZETA  
in Russian 20 Sep 91 p 1

[Article by Georgiy Dolzhenko, Kiev: "Hard Currency is Rotting"]

[Text] In my opinion, the most topical subject today in the Ukraine is not the army or national property, or even sovereignty. Newspapers are full of appeals to managers and Soviet organs for prudence and an understanding of the political situation. A recent television speech by Prime Minister V. Fokin was devoted to this subject. We are talking about grain. Kolkhozes do not want to submit it to the government.

According to the assurances of specialists, today no fewer than 25 million tons of grain are found on threshing floors, but only 10 of the planned 19 million tons have been stored in elevators. This kind of slowness can be explained by the fact that enterprise directors who do not agree with procurement prices intentionally hold back

the harvest in order to later, when lines begin forming at bread stores in cities, sell it at a higher price. A hungry winter looms ahead, with bread cards and prospects for the elimination of state fattening complexes, breeding enterprises, poultry factories, breeding enterprises and fish farms. This means a general decrease in the number of livestock and poultry and a deterioration in food supplies to the population.

The republic's government, not wanting to bring this matter to a crisis state, indicated a series of measures to improve the situation. In particular, it is planned to procure the shortfall of grain abroad. To do this it will be necessary to borrow 220-230 million convertible rubles. Moreover, grain will be bartered. The Hungarian firm Futura has already taken on the obligation to deliver one million tons of grain in exchange for electrical energy and coal. All of this would seem to be logical. The peasants were under the administrative-command system for so long, they were fleeced for so long that now they are justified in straightening themselves up and in determining the fate of their labor for themselves. But certain doubts arise. Did we rush to create a separatist kolkhoz?

It is understandable that within one year a city cannot satisfy the village's demand for technology and consumer goods. For this reason, during the transition period the state must strictly observe the fulfillment of state orders. Otherwise, what will happen? Many millions of tons of grain are being stored in the open, under inappropriate conditions, and are deteriorating and rotting. But the careless enterprise directors still do not deliver it. Their thinking goes something like this: the grain is ours now, we can do whatever we want with it. We can even feed it to the livestock.

Exhortations will hardly result in anything new. Let us say that in Nikolayevsk Oblast grain procurement is openly sabotaged. We have reached a state in which damaged grain is burned and buried in the ground. But as of yet no one has borne the responsibility for this.

#### Ukraine Procurement Progress

914A1235B Moscow SELSKAYA ZHIZN in Russian  
21 Sep 91 p 1

[Article by A. Grigoryev, TASS reporter, Kiev, 20 Sep 91: "Submit It As Grain"]

[Text] Vitold Fokin, prime minister of the republic, has made an appeal to labor collectives and directors of industrial, agricultural and cooperative enterprises and organizations in the Ukraine to share existing hard currency resources with the government in order to procure grain abroad.

Compared to a minimum need of 17 million tons, as of now about 10 million tons of grain have been poured into state granaries.

**Kazakhstan Price Imbalance Noted**

914A1235C Moscow SELSKAYA ZHIZN in Russian  
20 Sep 91 p 2

[TASS Article, Alma-Ata, signed to press 20 Sep 91:  
"Kazakhstan Is Surviving"]

[Text] "Bread supplies to Kazakhstan residents are not deteriorating," asserts V. Dvurechenskiy, the republic's agricultural and food minister.

Existing grain resources fully meet the needs of the republic's population for bread. Enterprises are stockpiling the needed quantity of seed. Evidently, it will be necessary to make acquisitions outside the republic only for forage purposes. Despite the severe drought which has brought great losses in productivity of spike crops, there is bread in the republic. Farmers have threshed over four-fifths of crops and have harvested 10.8 million tons of wheat.

**Kazakhstan Procurement Progress**

914A1235D Moscow SELSKAYA ZHIZN in Russian  
21 Sep 91 p 1

[Article by Valeriy Savelyev, Northern Caucasus: "Grain Money"]

[Text] It is well-known that the financial well-being of the large majority of sovkhozes and kolkhozes in the virgin lands depends on the grain trade. There is only one buyer—the government. It establishes the price despite all market laws. The retort to us is that under certain circumstances we cannot do without controls over production and sales of the main consumer products. This is reasonable. Then why not introduce fixed prices and fixed volumes of state orders for other things without which a harvest cannot be cultivated—for equipment and fertilizer, for chemicals and fuel. Shouldn't we? It is easier to place a financial bucket over the pipes of plants since production output and prices for products remind us of warmed-up modeling clay in the hands of collectives. It is possible to knead and model anything. For the village it is reasonable to suffer this kind of situation only if willful exercises with clay were to be reimbursed by a worthy payment for the harvest.

Alas, we have not observed such a situation. The reasons are different, but together they give rise to two characteristics.

Let us look at the first one, taking for our analysis the last two seasons. Before the 1990 harvest N. Ryzhikov's government increased the price of grain procurement. If we consider direct prices, the increases are considerable. If we superimpose the price lists on the practice of grain procurement for last year with a consideration of the new quality classification, and also of the elimination of previously-existing supplements for exceeding average levels for the preceding five-year plan, the increase in procurement prices for grain will be insignificant.

Why? First of all, it has become more difficult to achieve the necessary quality for durum and soft wheat in order to be paid the maximum of 400 and 700 rubles per ton. In the past year for objective reasons the virgin lands harvested very little strong and valuable wheat. The same is true for first-class durum. Secondly, the price no longer depends on sales volume. This has resulted in the fact that in some enterprises the actual price for soft wheat has increased only slightly, and for durum wheat it has decreased. The expected increase in grain money did not occur.

Here is the second point. Last fall, for example, the residents of Tselinograd sold wheat at an average of 325 rubles per ton. Productivity was reasonable, which enabled them to earn 625 million rubles from the wheat trade. The profitability of grain production and of leading collectives reached 300-400 percent! Is it a sin to complain? However, the "clay" reminded us of its existence. The industry that produces resources for agriculture tried so hard that nothing of the profit was left from the grain billions of the virgin lands for the new harvest. The profits were eaten up by the galloping price increases for equipment, chemicals and other items.

Both things exacerbated the village's financial problems. The former government simply noted attempts to equalize prices for the products of the Serp i Molot. It evidently was concerned with only one thing—how to avoid overpaying the farmer.

Then the republics themselves took over the organization of the grain trade. Kazakhstan immediately decided to double prices. We could run for the pencils, multiplying last year's profits, starting billion ruble accounts in banks, if only...

Productivity is a third less than last year, and in some places—half. The seed and forage funds will remain unchanged if they do not increase, considering the more complicated situation involving feed reserves. We will have to cut the profitability of grain, and this means there will be no doubling of profits. Total profits can be increased if we send the harvest to markets in Tyumen or the Urals, where already today 2,500 rubles are being promised for 1 ton of wheat. However, having taken upon itself the responsibility of doubling union prices, the government of Kazakhstan thereby has denied itself the right to its own grain monopoly, and without its licence not a single gram will leave the republic. Sovkhozes should not count on mass hard currency operations. According to circumstances this is possible only after the fulfillment of state orders.

What is the solution? The late increase in grain prices to city levels will probably not help. This will unavoidably raise retail prices, since the state budget cannot deal with subsidies in the form of the difference between wholesale and store prices, just as for the population the increased cost of bread is excessive. Perhaps parity is possible with the freezing or decrease in the cost of resources! In general, difficult problems face I. Silayev's group and its godfathers. Meanwhile the virgin land's gold is going at the cost of lemonade.

**RSFSR Private Farming Reviewed****Trend, Prognoses Noted**

924A0038A Moscow *DELOVOY MIR* in Russian  
No 199, 6 Sep 91 p 2

[Article by Vladimir Smolentsev, chief of administration at RSFSR Ministry of Agriculture and Food: "Where Is the Russian Countryside Going"]

Marketable output	As of January 1991			1995 Plan				
	In thou-sands	Average size of land, in hectares	Proportion of gross output, in percent	Proportion in market-able output, in percent	In thou-sands	Average size of land, in hectares	Proportion of gross output, in percent	Proportion, in percent
1. Kolkhozes, sovkhozes and other agricultural enterprises	25.4	7,900	74.6	86.8	23	7,500	65	72
2. Agricultural cooperatives	4.5	44	0.05	3.0	5	70	1	2
3. Subsidiary agricultural enterprises	14.1	282	1.1	3.1	14	280	2	2
4. Peasant (farmer) farms	4.4	46	0.01	0.02	150	50	5	8
5. Private plots	1,600	0.22	23	—	17,000	0.50	24.5	15.5
6. Orchard and garden associations	34.0	16	1.2	0.1	50	20	2.5	0.5

As you can see, kolkhozes [collective farms] and sovkhozes [state farms] will continue to be the principal producers of agricultural products in the RSFSR over the next few years, but in accordance with our forecasts, their proportion of the gross and marketable agricultural output will decline to 65-72 percent.

The agricultural cooperatives will also undergo definite development. In 1995, they will account for 1-2 percent of the gross and marketable agricultural output.

By 1995, the number of peasant (farmer) farms will increase sharply. According to our estimates, there will be approximately 150,000.

These will for the most part be farms of the family type, with or without a hired workforce. The size of these farms will fluctuate depending upon the number of members on each farm and their specialization.

Peasant farms that specialize in grain production will have an average of 100-200 hectares of land, beet production—40-50 hectares, potato production—20-30 hectares, vegetable production—1-10 hectares, orchard operations—2-20 hectares, dairy operations—20-40 hectares, raising and fattening of cattle—30-100 hectares, swine breeding operations—30-70 hectares and sheep breeding operations—40-1,300 hectares. The average size of land tracts assigned to peasant farms will be approximately 50 hectares.

[Text] The trends in Russian agricultural development reveal that in the near future, up to the years 1995 and 2000, practically the entire assortment of existing enterprises will continue in the agro-industrial complex of the Russian Federation. This is borne out by the following data:

In animal husbandry, emphasis will be placed mainly on the development of family dairy farms for 20-25 cows, with final fattening of the herd. There will also be small farms—for 8-10 cows, and larger farms—for 50 or 100 cows, farms for the raising and fattening of cattle—for 50-100 head, swine breeding farms—for 300-500 head and poultry raising farms—for 1000-5000 laying hens.

The private plots of citizens will undergo further development. This is associated with an increase in the size of the private plots from 15-25 hundredths of a hectare to 0.1-1 hectare. A portion of them will gradually be transformed into peasant (farmer) farms.

The orchard and gardening associations will increase their production volumes.

The classes of tractors and agricultural machines being produced at the present time by our industry are for the most part suitable for the mentioned forms of management. However, the private plots of citizens and orchard and gardening associations have a greater need for small-scale equipment.

At the same time, a special approach must be employed for the peasant (farmer) farms and their technical equipping per hectare of land must be higher by a factor of 2-3 than that for kolkhozes and sovkhozes. Agricultural machine building must be oriented towards the average size of a peasant (farmer) farm—50 hectares: the list of

needed machines must include caterpillar tractors, wheeled tractors, plows, harrows, shallow plows, sowing machines, rollers, manure spreaders, hay stackers, rakes, mowing machines, tractor trailers, small cars and trucks.

Analysis reveals that combines, excavators, bulldozers and other items of specialized equipment are concentrated mainly at rental points or are jointly owned by several farmers.

Industries engaged in the processing of agricultural products require mainly small-scale departments for the production of raw materials and sausage meat, the slaughtering of livestock and the tanning of hides, hulling mills, flour mills, oil mills, welding units, metal working instruments and other equipment and mechanisms.

#### **Role, Weight of Private Farming Assessed**

924A0038B Moscow SELSKAYA ZHIZN in Russian  
2 Oct 91 p 2

[Article by Yevgeniy Petrakov: "Thrifty Hand"]

[Text] The indicators for the development of farmer farms in the republic, published by RSFSR Goskomstat [State Committee for Statistics], reveal rather convincingly that the rural economy has truly become multifaceted in nature. At the beginning of September, there were 28,700 of them. They occupy 1.2 million hectares of land, 75 percent of which is agricultural land and approximately one half, arable land. On average, each independent peasant farm consists of 41 hectares of land.

Some economists hastened to express their surprise over the fact that Russian farmers do not wish to develop their animal husbandry operations. Is this true?

I believe that we have some confusion here with regard to the indicators for the number of livestock per unit of space on farmer farms compared to kolkhozes and sovkhozes. Truly, there are 11 head of cattle for every 100 hectares of agricultural land on peasant farms, including three cows, while at kolkhozes, sovkhozes and other large units, 23.7 and 20 head respectively. The difference is less in the case of swine among farmers—12 head and at kolkhozes and sovkhozes 22 head. But here the indicators do not favor the private sector.

Nevertheless, I would not be in a hurry to accuse the farmers of not wishing to develop their animal husbandry operations. Let us look at some other figures. What are the farmers doing with their arable land? Grain fields (40 percent of the arable land) and forage crops (16 percent) predominate. Forage crops occupy a considerable portion of the grain crop structure: barley and oats. In other words, the Russian farmers initially wish to strengthen their feed base and thereafter to develop animal husbandry based upon their feed crop operations. Throughout all of this, we sense the thrifty hand of the peasant. The representatives of the new, or more accurately, the overlooked old way of life, do not wish to

repeat the mistakes made by many kolkhozes and sovkhozes, where there were large herds of animals and, to put it mildly, a moderate feed base.

One does not have to be a great prophet in order to predict strong growth in animal husbandry operations in the not too distant future among farmers in Volgograd, Kaluga, Orel, Smolensk and Omsk oblasts and in the Buryat, Tuva and Kalmyk republics.

True, this will require a solution for the difficult problem concerned with supplying the farmers with the needed equipment. The difficulties associated with acquiring this equipment continue to be tremendous. At 100 farmer farms which were inspected, there were only 47 tractors and 14 trucks. Extreme complications are being encountered with regard to supplying private owners with spare parts, petroleum products, seed and construction materials.

Nevertheless, the Russian farmers remain optimistic. They own more than 25 percent of the land allocated to them, almost 60 percent is held as life-long possessions and 17 percent of the land is leased by them. These figures testify to the fact that faith in success continues to be a guiding factor for a majority of the new owners.

#### **MAJOR CROP PROGRESS, WEATHER REPORTS**

##### **Grain Procurements, Import Requirements Assessed**

924A0004A Moscow DELOVOY MIR in Russian  
No 188-189, 24 Aug 91 p 8

[Article by Dmitriy Bulatov: "Harvest-91, Continuation of the Subject"]

[Text] DELOVOY MIR Number 159 of 18 July published a prognosis for Harvest-91 with a map of the country that indicated the status of grain crops and expected yields in all of the main agricultural regions of the country. How are such prognoses compiled and why do they differ fundamentally from each other?

The U. S. Department of Agriculture predicted last May that USSR grain production would decrease by 25 million tons as compared to last year. Another American department, the TsRU [Central Intelligence Agency], recently stated that this drop would comprise no less than 50 million tons. Our specialists also provide contradictory assessments. In the aforementioned article-interview of 18 July Aleksandr Vasilyev, Director of the USSR Hydrometeorological Center, stated: "According to our calculations, gross grain yield in the USSR as a whole should comprise 190-205 million tons this year."

##### **How Predictions are Made**

Predicting the harvest in the U. S. is much easier than here. The size of fields, condition of crops and weather conditions are probably the main factors that affect

production output. There are no interruptions in material-technical supplies to farmers and there is no shortage of cheap labor. Losses have been reduced to a minimum and their percentage is fully predictable.

Americans approach the assessment of the USSR harvest in a similar manner, correcting it with the help of our glasnost—information from the press, radio and television, as well as through discussions with the representatives of Soviet organizations. Basically, the “foundation” of American predictions of USSR grain production is made up of fragments of Soviet assessments.

How are the latter arrived at? Do they correspond to the real situation? Naturally not. After all, it is safer to lower the expected yield in order not to bring thunder and lightning upon oneself in the very nearest future. But the depressed Soviet assessments often serve as the American grounds to increase the USSR's need for imported grain. Such inexactitudes are forgiven their agencies—after all, if the entire world is “becomes frightened” by the expected sharp increase in our imports, prices for grain on international markets will rise and the U.S. as the main exporter will have the advantage.

But the most interesting thing is that here such “sensational” assessments are accepted as pure truth by some. As a result, the spiral begins to unwind. “Superimposed” on these predictions are one-sided reports on the extreme difficulties in the regular “struggle for the harvest,” and the picture becomes truly apocalyptic.

At the heart of this “snowball” effect lies the old departmental approach to predicting production output in the country. Is there any point for us and the Americans to borrow from each other and then to multiply not wholly real assessments? Perhaps it is better to try to examine those “specific factors” that really affect the food situation together with field size and weather conditions.

#### Sources of the “Snowball” Effect

Let us begin with one of the most urgent problems for our APK [Agroindustrial complex]—the shortage of processing and storage capacities. This is the main reason for enormous losses. It must be noted that until recently we had no official statistics on losses. This is why we will have to once again make use of the assessments of the U.S. Department of Agriculture. These figures, as the Americans themselves warn, are themselves approximate. They do not reflect direct losses during harvesting operations. Nevertheless, this data enables us to have an idea of the real scale of the problem—between 1981 and 1990 we lost 233 million tons of grain in transportation and storage alone, i.e., a quantity equal to a record harvest.

Calculations (see Table 1) show that we can raise a record harvest, as we did last year, but lose a considerable portion of it. Yet it is possible during a normal harvest to preserve and process everything that is produced, thereby considerably decreasing the size of planned imports. The shortage of storage and processing enterprises is most noticeable during years of large yields, and during these years losses are noticeably greater. Those same American experts noted long ago that the smaller the grain yield in the USSR, the fewer the losses (in absolute as well as relative terms). Last year a record was established—36 million tons. This year predictions of losses are at 26 million tons. The difference is enormous.

Another explanation is that during unfavorable years work to save the harvest is activated in the country. Extraordinary measures are taken. For example, masses of students, workers, employees and military personnel are sent to do harvesting work. This year the government allocated additional quantities of fuel from state resources to agriculture, counter-deliveries of consumer goods have been promised and attempts have been made to reduce the “price discrepancies” for mixed feed supplied by kolkhozes and sovkhozes in exchange for the grain accepted from them.

Table 1: Grain Losses in the USSR

Indicators for the Year	Wheat losses (millions of tons)	Percent of production	Losses of feed grain (millions of tons)	Percent of production
1981	8	10	7	10
1982	9	11	9	10
1983	9	12	11	11
1984	8	12	10	11
1985	8	10	9	9
1986	10	11	11	10
1987	13	16	15	13
1988	10	12	11	12
1989	13	14	14	13
1990	17	16	17	15
1991 (projected)	11	12	13	12

Table 2: Individual Entries for USSR Grain Balance, millions of tons

Entries for Year	Production	Including wheat	Feed grain	Losses	Imports	Including wheat	Feed grain
1981	158.2	81.1	69.3	16	47.3	20.3	26.0
1982	186.8	84.3	91.8	19	34.3	20.8	12.5
1983	192.2	77.5	101.9	21	32.5	20.5	11.5
1984	172.6	68.6	90.5	19	55.5	28.1	26.9
1985	191.7	78.1	100.0	18	29.9	15.7	13.7
1986	210.1	92.3	105.9	23	27.5	16.0	11.0
1987	211.4	83.3	113.7	30	32.0	21.5	10.0
1988	195.0	84.4	97.5	22	39.0	15.5	23.0
1989	210.9	92.3	104.8	29	39.5	14.6	23.9
1990	235.0	108.0	113.3	36	24.5	12.0	11.5
1991 (projected)	210.0	92.0	104.5	26	30.0	15.0	14.0

### Why Pay Twice?

"Departmental" economics does not provide a direct answer. Evidently, one department has an advantage with "price discrepancies" whereas another loses, and the government in general brings serious losses to itself. After all, for example, with a great price difference for submitted grain and mixed feeds the size of state orders was artificially held back. Calculations show that a curtailment in state orders results in a growth in the utilization of grain to feed livestock. As a result there is an increase in the consumption of grains in the country and consequently in their import.

Recently these "price discrepancies" were narrowed. This was undoubtedly a reform measure. Nevertheless, official statistics do not allow us to compute results. The "savings" in this plan may be secondary. Judging by data of recent years, each ton of feed grain arriving in state granaries and then being returned to enterprises in processed form enables us to curtail imports by approximately that amount. In this kind of situation the government will not miscalculate even if it processes kolkoz and sovkhoz grain for these enterprises for symbolic payment or for free.

We can suppose that this year possibilities that are not traditional for us will be put into effect. Products which notoriously have nowhere to be stored or processed are now doomed. This is not news to anyone.

However, there is an answer even here. In its time India, where the "green revolution" enabled farmers to sharply increase yield, faced similar difficulties. The solution it came up with was wise, if not original. A portion of the produced grain was immediately shipped for export, and then in the course of the year the earnings were used by the government to buy grains. The Chinese do something similar. Even Argentina, a large grain exporter, tries to sell its harvest on the international market as soon as possible due to a shortage of storage facilities.

A very natural question arises. How can we deliver this grain to foreign buyers? After all, we are always having problems with transportation. To a certain degree this is

because our ocean ports are oriented toward the reception of quantities of imported grain that are not an overload to them. They are able to receive no more than 30 million tons a year. The volume of procurement abroad in most cases significantly exceeds the processing capabilities of our ports. This is the reason for the caravans of vessels waiting to be unloaded for long periods of time, as well as for the additional expenditures in hard currency for the payment of fines for each day of idleness. The fault is not that of either transportation or international trade workers. The problem is that the volume of imports is too large. Moreover, the basic load occurs during the fall-winter period, but during these months it is impossible to fully "manage" such a mass of grain, and the matter extends until the next harvest.

The answer seems to be simple: to limit the import of grain to a quantity that we are capable of processing during the fall and winter period. If, let us say, this year we do away with the vicious practice of importing grain at the height of the harvesting campaign, fuel and transportation vehicles, which are so essential for saving our own harvest, will be made available. We are talking not only of curtailing the use of railroad and shipping transport for rapid acquisition of transoceanic goods to the detriment of storing our own, but also about turning some of this flow of goods in the opposite direction. Buyers will be found. Moreover, they will not be far away. Algeria, Morocco, and Egypt and in the Far East—Japan and South Korea, are interested in purchasing grain.

### Whom Should We Pay In Hard Currency?

Most of the country's grain is at the disposal of kolkozes and sovkhozes. They are now trying to hold on to it, even in surplus amounts. Attempts were made to buy the grain for hard currency. This failed. It turned out that it is not enough to just raise hard currency prices for grain. Enterprises are already reluctantly "pecking" at this. It is essential to remove other limitations that are hindering the normal utilization of earnings. The hard currency accounts of kolkozes and sovkhozes are essentially being arrested. Enterprises have neither rubles nor hard currency. In the final analysis, everyone is a loser. The hard currency economy turns over with purely imported grain, which is assessed at about \$2 billion on the world market.

It looks like we are living in a frozen world of a barter economy; we are not assimilating even minimum possibilities for international agrarian cooperation, as for example in a simple operation such as sending agricultural raw materials abroad so that they return to us in the form of the finished product—as juice, sauce or canned goods.

An analysis shows that in many countries there is a surplus of processing capacities. Look at the countries of Eastern Europe. Not long ago we procured large volumes of processed agricultural products from them. Now the situation is different. For example, in Bulgaria processing enterprises remain idle due to the shortage of raw materials, whereas at the same time tomatoes are rotting in Moldavia.

Since we are talking primarily about perishable goods, and primarily fruit and vegetables, the conclusion of such transactions must be efficient. Opportunities for this have arisen. Now we do not need the decisions of national organs. It is sufficient to have local authorities agree amongst themselves and issue a license for the export of raw food materials. The whole question has to do with how effectively local units will be able to utilize the new freedom of action.

Here is another example from the same oblast. In many countries of the world the system of selling products "on the stalk," or in our terminology, the system of self-procurement, is very widespread. Buyers come to enterprises and gather the fruit and vegetables they need themselves. The products cost considerably less, and this is

advantageous to the seller, who immediately is relieved of the worry of harvesting, storing, shipping and selling them.

What about opportunities for direct ties with trade organizations? What kind of economy is there to speak of if the drivers of agricultural trucks are forced to ride around a city for a long time because they do not have the right to sell perishable goods? It would be sufficient to remove a few limitations in order to enable kolkhozes, sovkhozes and new farmers to sell their products directly from the truck or in temporary markets. Meanwhile, "government interests" are keeping watch, the harvest is rotting in the fields, and city residents look sadly at the portion that rots on the shelves of vegetable stores.

Everyone who is somehow involved in the shipment of the harvest to the city knows the advantages of differentiated seasonal supplements. In winter goods are more expensive than in the fall, and in the spring they cost even more. The system of such supplements provides incentives for an enterprise to deliver its products not immediately after harvesting, but gradually, in the course of several months. This is a strong stimulus for the building of new storehouses. In Canada, for example, during the last 10 years the growth in storage capacities has been exclusively by means of increasing small structures for storage and processing. American and French farmers themselves produce about half of the mixed feed used in their respective countries.

Under our conditions, with our shortage of small storage facilities and with the large batches received by the government, it is quite feasible to convert them to store not only "state" goods. After all, the grain belonging to a kolkhoz or a farmer can be stored in state elevators for a fair rental price without changing ownership.

**Table 3: Volume of State Orders and Consumption of Grain in the USSR, millions of tons**

Indicators for the year	State orders	Use of grain as feed	Including forage	Consumption
1981	58.1	118	68	211
1982	69.7	118	69	214
1983	75.6	120	78	218
1984	56.3	123	81	219
1985	73.5	126	82	220
1986	78.8	130	80	230
1987	73.3	132	84	239
1988	61.5	135	86	235
1989	59.0	139	90	246
1990	67.8	143	83	257
1991 (projected)	77.0	139	82	242

#### **It's Time to Change Our Priorities**

To carry out such changes we do not need great intelligence or extensive organizational measures. If we do not begin to work on this now the regular harvest, which is sparse enough as it is, may once again disappoint us. The country is experiencing an urgent shortage of hard currency for the procurement of much that is essential, including for the APK. Even before, when our "oildollars" allowed us to procure a few things for this sector of the economy, priority was given to the procurement of ready agricultural products.

An old disease is coming to the surface again. As before we are looking for credit abroad to procure grain and other foods, while the important thing is to procure modern technology, machines and equipment, and first and foremost those items needed for processing and storage of the harvest. To continue the former policy means condemning ourselves to the role of constant debtors and supplicants. It is time to change our priorities.

In Russia from the earliest times we had some who lost all their possessions in a fire who wandered from city to city and begged for sustenance, whereas others began to rebuild their houses.

## FOOD PROCESSING, DISTRIBUTION

### Prices, Supply of Staple Foods in Needy Areas Described

924A0018A Moscow *TRUD* in Russian 27 Sep 91 p 2

[Roundup of reports by *TRUD* correspondents: "Give Us Some Bread, At Least"]

[Text] The information sent in by our correspondents from various locations is more than distressing; supplies of essential foods—bread, salt, meat—are constantly irregular. Food rationing has been introduced nearly everywhere and the amounts are similar to those of the blockade times. Our life is becoming more destitute at a catastrophic rate...

#### Market Prices (Rubles per kilo)

Novgorod: Beef—20-25, pork—15-20, poultry—none, eggs—none, honey—none, carrots—3, potatoes—2-3, cabbage—none, butter—none, sour cream—none, cottage cheese—none, onions—4.

Saransk: Beef—17-20, pork—20, sour cream—20, tomatoes—12, honey—42, peppers—6.

Nalchik: Beef—18, onions—3, potatoes—4-5, home-made cheese—15, cabbage—3.

Smolensk: Beef—15-20, mutton—15-20, pork—12-15, milk—1.5-1.8 per liter, sour cream—15-18, butter—25-35.

Pskov: Veal—21, pork—21, mutton—19, sour cream—16, cottage cheese—7, potatoes—2.5-3, cabbage—2.5, cucumbers—5, beets—2, apples—4-6.

#### Not a Thing Anywhere

On Friday the employees of the Chelyabinsk House of the Press left work feeling quite elated: Each of them was carrying a plastic bag with a chunk of dough in it. Their cafeteria workers did their best and presented everybody who wanted it with this substance, so rare in our days. If you want to buy bread anyway, you have to leave home very early because a while later it will not be available in the stores any more.

Some two weeks ago this situation was discussed at the extraordinary commission of the city soviet, and for a reason. Last year there was enough flour delivered to Chelyabinsk to provide bread and also satisfy the culinary whims of housewives. But this year even the bakeries are not getting enough. It was decided to set some restrictions. The commission appealed to the Russian president for help because it appeared that Chelyabinsk was assigned smaller flour funds than the rest of the country. The commission also talked about barter deals, the special reason for this being the practically zero crops in the South Urals, where they did not gather enough for sowing even. On top of that, neighboring Kazakhstan closed its borders even to barter deals: Truck convoys

carrying grain from Kazakhstan fields to the South Urals were being unloaded on the territory of Kazakhstan at the desire of its president.

*[signed] A. Lyapustin.*

#### It Horrifies You To See Those Lines

Perm residents gave one American visitor an unused food coupon for the past three-month period, by way of a farewell gift. According to local newspapers, that happened as the American was socializing with people near the local central department store.

The Perm residents were very generous: It is still a rare occasion that people cannot use up the entire coupon. You can still find fine barley and pearl barley, and matches (though not in every rayon). If you really put a lot of effort into it you can "catch" what is known as "meat products." There is no hint of sugar or sweets, it is practically impossible to buy flour.

The local "currency"—hard liquor—came to an end. Coupon rationing of this product did not work. In spite of all the struggle and fight against wheeling-dealing in this respect, the dark forces won the game. Starting next month they are going to sell liquor to residents by special lists only, which buyers will have to sign.

As I was told in the city soviet executive committee, compared with the fourth quarter of last year, this year will see smaller funds of flour and meat products, and considerably smaller funds of whole milk products and alcoholic beverages. The tobacco situation is going to be very bad, even though it seems that it cannot get any worse. It horrifies one to see the lines, let alone to join them.

True, we were promised that the sugar they owed us would be restocked and the cereal supplies would be improved. But if the choice of cereals we are offered remains unchanged, that is not a very welcome news. So, it seems that Perm residents will soon lose their usual hospitality unless they treat their visitors to cannon (which are the goods produced by the Perm military-industrial complex). It might also become impossible soon to greet our guests with the traditional bread and salt. We still have salt, but bread, unfortunately, has disappeared. Our bakeries are working to near breaking point, their equipment is on its last legs. But there is no light ahead of us.

*[Signed] V. Otyashkin.*

#### Buying—Petersburg Style

In spite of yourself you start feeling sorry for all the people of Petersburg who waste hours standing in lines every day. There is an acute shortage of all foods in the city. Most of them are sold for food rationing coupons. The norms cannot be lower: 250 grams of vegetable oil, 500 grams of flour, 700 grams of butter, 1.5 kilos of meat, 1 kilo of sausage per person per month. But do not think that all this is readily available in stores at any

time, to just go and get. Not in the least. One day there is no sugar, the next day there is no butter or meat... For that reason lines form at the stores very early in the morning, long before they open. As a rule the lines remain there for the whole day. If you are "lucky" enough to buy sausage in one store, you have to rush to another one to get meat, or maybe to two more...

As I was coming home in the evening I again saw an endless line in front of grocery store No. 13 of the Primorskiy Rayon Administration of Food Trade.

"What are they selling?" I queried.

"Nothing," answered a sad-looking old woman who seemed to be sick and tired of lines and other everyday problems, "we are waiting in case something is delivered to the store."

Feeling distressed and upset, I thought that it was going to get cold any day now. How would the Petersburg people feel standing in lines in winter, at below zero temperatures, in the penetrating Baltic wind?

*[Signed] D. Struzhentsov.*

#### No Promises of Improvement

As of 1 September family cards—"an invitation to purchase rationed goods"—have been introduced in Kemerovo instead of food coupons. The store to which you are assigned according to your place of residence will honor these cards by selling 1 kilo of sugar and 300 grams of butter per person, plus two bottles of vodka and five packs of cigarettes per every person of age. In spite of irregular supplies, it is easier now than before to obtain this assortment. Pearl barley, millet, salt, matches, corn starch, rusks, sufficient amounts of adjika and khmeli-suneli (culinary herbs), and green tea are sold free in stores. But do not try to find vegetable oil, margarine, or flour. However, there is no shortage of bread and pastry.

Here are gourmet foods that sell at what is known as contractual and commercial prices: the Ocean and the city administration of fruit and vegetable trade stores sell Pacific saury in oil at R6.50 a can and frozen hunchback salmon at R23 a kilo, and the Bacon offers any kind of bologna or salami from R19 to R42. Would you believe that none of it stays on the shelves for too long!

Vegetable stores are not empty, however. Potatoes are plentiful (the crops were exceedingly good this year), there are big heads of cabbage grown with Dutch technology, there are onions, watermelons, melons, grapes, apples, pears, etc. The prices are contractual but tolerable for our times; melons and watermelons, for instance, sell at R1.5-2 a kilo.

The trade authorities do not promise any improvement in October. Deliveries of vegetable oil, butter, sugar, and other essential foods have been below the assigned quantities for a long time now. Prices of goods that we

are lucky to obtain through contracts or barter deals (I give you butter, you give me coals, timber, cement, metal, etc.) are sky high...

*[Signed] Yu. Kotlyarov.*

#### Looking for Something To Eat

I take the "spread" of brown paper and cut it into tiny squares, the size of one fourth of a match box. As I am doing this I try not to destroy the words printed on the paper: Sweets (300 grams), sugar (1 kilo), butter (200 grams), margarine (one package), pasta (300 grams)... This is how the next period of "cashing in" begins, the 30-day marathon around the stores in search of something to eat.

A month later I am looking through the beat-up paper squares which are, unfortunately, of no use anymore: Bath soap (one coupon), laundry soap (one coupon), flour (one kilo in three months), detergent (0.5 kilo in three months)—I failed to buy a lot of these.

I do not know what the scientific basis was for the amounts of foods rationed in Irkutsk, but my daughter needs about two gulps to do away with the allowed dose of cheap candy, sufficient to feed a bird. Sausage, known around here as "cardboard," cannot last a week (0.8 kilos per month). My husband gave up sugar in his tea a long time ago because the July coupons for it were honored as late as September.

My husband leaves home at 0630 to get in line for milk. If he fails to buy it in the next two hours he hurries off to work. You can buy bread only after standing in line and right after it is delivered. If you come later, all the shelves are empty.

We are almost in October. I am preparing scissors and paper clips. Paper clips are good for keeping the coupons together—pasta ones separate, sugar ones separate, butter ones separate. The tobacco coupons I will hand over to my husband, the ones for June, July, August, and September—let him search for his poison himself or stop smoking.

*[Signed] L. Komarova*

#### From the Department of Social Problems

The antidemocratic forces may start using our exacerbating poverty and deprivations for their purposes because they are fraught with social tension. Nobody needs to have it explained that empty store shelves present a real catastrophe and that this is why, starting right away, all levels of administration should do their best to guarantee our people at least relative well-being during the winter. First of all, they should enforce rational spending of government reserves, of everything that the country possesses now, which includes humanitarian aid from other countries. The people must be given assistance in storing vegetables and potatoes, probably by allowing them to use government storage facilities and food warehouses that often stand empty. They

should also consider allowing various regions to set their wholesale purchase prices independently, relying on local conditions and possibilities. Procrastination and lack of concern may cost us too much.

**Authorities Find Fewer Grain Purchases  
'Dangerous Tendency'**

*LD2010200191 Moscow Central Television First  
Program Network in Russian 1900 GMT 18 Oct 91*

[From the "TV Inform" newscast]

[Text] According to figures up to 30 September, the RSFSR purchased almost 11.5 million tons of grain less than last year. As Russian Government experts believe, this is a dangerous tendency caused by the activities of the structure of the agroindustrial complex. Those standing behind it are the political forces whose interests conflict with Russian Government policy.

**Moscow Sugar Market 'Fairly' Stable**  
*OW2110050691 Moscow INTERFAX in English  
0121 GMT 21 Oct 91*

[From the "Soviet Business Report"; following item transmitted via KYODO]

[Text] With the coming of autumn, trade in agricultural produce, including grain, sugar, cooking oil and meat, has picked up on Moscow exchanges. Autumn is, naturally, when the new harvest starts coming to the market, but there is yet another reason why this kind of trade is currently particularly brisk in Moscow: in contrast to Eastern exchanges, their Soviet counterparts are dominated by spot, not futures, deals.

**DEMAND OUTSTRIPS SUPPLY.** Moscow's main sugar markets are the Moscow Commodities Exchange, the Russian Commodities and Raw Materials Exchange (RTSB) and the Russian Agricultural Exchange.

While several months ago sugar—as well as other agricultural products, for that matter—was not regularly offered for sale on Moscow markets, today the sugar market is fairly stable. Demand is usually high, and supply is quite regular.

**RTSB Sugar Trade**

	supply		demand		supply higher than demand (times)	
Trading date	09.06	09.20	09.06	09.20	09.06	09.20
number of applications	2	9	21	1	11.5	0.11
Total volume applied for (tons)	118	460	27622	8102	234.1	17.6
maximum volume applied for (tons)	100	73	6000	6000	-	-

Demand constantly outstrips supply on RTSB and the other exchanges, sending prices soaring. Prices of sugar on exchanges are 3 to 5 times higher than state-set retail prices.

In September, 1 kg. of sugar brought 14 rubles on RTSB and the Russian Agricultural Exchange and around 12 rubles on the Moscow Commodity Exchange. In July, 1 kg. fetched 11 rubles on RTSB, 7 rubles on the Russian Agricultural Exchange and 8.5 rubles on the Moscow Commodity Exchange.

**SUGAR PRICES WILL CONTINUE TO RISE.** Sugar prices are likely to continue to rise on the exchanges, primarily because demand still outruns supply.

Though sugar is rationed throughout Russia, the state distribution system has lately been unable to meet the needs of the population. This year's sugar beet harvest is expected to be 20 percent less than last year's.

**GOODS PRODUCTION, DISTRIBUTION**

**Price Research Institute Director Interviewed**  
*924A0067A Moscow TRUD in Russian 10 Oct 91 p 2*

[Interview with V. Torbin, doctor of economic sciences, director of the Scientific Research Institute of Prices, by TRUD correspondent Ye. Varshavskaya: "How Long Will Prices Rise?"]

[Text] In Moscow there is an organization—the Scientific Research Institute of Prices. It is located in a small old building in the center of the capital... without a signboard. People say that last winter one of the striking miners passed by it and by accident saw the plaque, which still hung at that time. Having decided that people guilty of all the troubles sat there, he entered and created a real scandal. When the April price increase erupted, workers at the Scientific Research Institute (who had nothing to do with Pavlov's reform) became afraid of possible pogroms and removed the signboard. But, to be serious, to this day it is not clear under which department the institute will be—under Union or republic subordination? However, the

**institute's activity continues. Our correspondent met with V. Torbin, professor, doctor of economic sciences, who is the director of this institute.**

[Varshavskaya] Vladimir Ivanovich, price formation problems now disturb, perhaps, everyone without exception. This is understandable: After all, the price is the basic element of market relations. Meanwhile, there is a mass of problems in price formation. What are their essence and causes?

[Torbin] In our country price formation was part of the state system for decades. The disproportion between agriculture and industry, between basic sectors and the production of consumer goods, and between raw-material and processing sectors became aggravated. A disproportion also flourished in prices. They were set administratively. This had to be corrected.

[Varshavskaya] This is precisely how every price increase was always explained to us: Production costs of meat are two-, three- and even five-fold higher than its retail price. Therefore, it turned out that not the situation in animal husbandry must be rectified, but the price of meat in the store must be raised. Or prices of metal are too low as compared with the price of products made from this metal. Consequently, the same original conclusion in the spirit of the system: Not expenditures on production should be lowered, but the price of raw materials should be raised...

[Torbin] But, in fact, prices of raw materials were obviously too low. In January of this year an attempt was made to level them out. Prices of fuel, electric power, and products of raw-material sectors went up.

[Varshavskaya] And the result?

[Torbin] These measures did not and could not lead to anything. Factors, which again disrupted planned proportions, began to operate immediately. The same government that signed the decision on an increase in prices of raw materials created them. Here is perhaps the most glaring example: contractual prices. The idea is not bad, but implementation... Apparently, out of fear that enterprises, taking advantage of such an opportunity, would inflate prices to the maximum, they were limited: 25 to 30 percent of the production costs. And what did the enterprise director begin to do?

[Varshavskaya] The mechanism is known, one does not have to think for a long time. In order to "spiral" the price, it is necessary to increase production costs, that is, power- and material-intensiveness—expenditures on production.

[Torbin] The trouble was also that contractual prices were permitted for some and prohibited for others. Suppliers of raw materials turned out to be those "extreme" ones. For example, machine builders purchased raw materials at fixed prices, but delivered their products to suppliers of raw materials at contractual prices. And again the gap in prices between raw-material

and processing sectors increased. And again extractive industry and power engineering enterprises were on the brink of ruin. In order that this might not happen, extraordinary measures had to be taken.

[Varshavskaya] One had to be a witness to this. Leaders of the USSR Council of Ministers constantly met with enraged suppliers of raw materials—sometimes with petroleum industry workers, sometimes with power engineering workers, sometimes with metallurgists, and sometimes with timber industry workers. They warned that their sectors, which were in trouble, would shut down at any moment and that workers were ready to strike. And then, hastily, they permitted some to increase rates, set contractual prices for others, and introduced preferential taxation for still others.

[Torbin] From the point of view of workers in price formation, these emergency measures were unjustified. After all, they destroyed the price system even more and unbalanced it. Furthermore, everything again was reduced to the sadly familiar administrative-command methods, not to the introduction of some single mechanism based on a clear methodology. Instead of forming new approaches to price setting, which, on the one hand, would take into account their inevitable mobility and, on the other, protect the cost-accounting interests and financial status of sectors, there were again arbitrary decisions at the level of individual departments.

[Varshavskaya] For now attempts are being made to quickly patch up the gaps in the unsuccessful reform. After all, life does not stand still...

[Torbin] The situation continues to be aggravated. For example, the system of parity of industry and agriculture is being destroyed to an ever greater extent. Prices of material and technical resources consumed by agriculture are rising swiftly and, consequently, expenditures on the production of agricultural products as well. But purchase prices are increasing negligibly. It is permitted to introduce contractual prices only for some agricultural products: vegetables, fruits, wool, hides and skins, and grain produced in excess of the state order. With these contractual prices peasants are beginning to try to cover higher expenditures in other places and to make up for the losses due to the sale of products at fixed prices.

[Varshavskaya] We, ordinary buyers, feel this on ourselves when we come to vegetable stores. Here at the height of the season tomatoes cost 3 to 5 rubles and potatoes, 1.5 rubles. In 1 year prices of vegetables and fruits jumped 8- or 9- and here and there 14-fold. I am not talking about "market-bazaar" prices...

[Torbin] Retail price reform has not brought positive results. It has complicated the situation even more and has put back many people beyond the poverty line. The amounts of compensations clearly did not make up for the actual price rise and this brought about extreme dissatisfaction on the part of the population—not only its socially unprotected strata, but also workers at state enterprises. In order to protect their workers, enterprises

by hook or by crook began to increase wages, at the same time, not increasing production volumes. An additional emission of money was needed and the "money machine" was turned on at full force. As a result, no improvement in the consumer market has occurred. On the contrary, things have even gotten worse. An unsanctioned barter is in full bloom. Enterprises exchange products for consumer goods for workers, thereby stripping the commodity distribution network.

[Varshavskaya] Many people now blame the failure of price reform for the general unstable economic situation in the country. With one foot we try to step into the market, while the other is stuck in the previous economic system. The same prices cannot exist as now: One part is "free," while the other is fixed. Naturally, the free part will grow without restraint and, since the economy is unified, inevitably will pull all the rest along with it. Is it not simpler, not more sensible, to liberalize prices and the market itself will balance them?

[Torbin] In my opinion, the further liberalization of prices, indeed, is the correct path. However, it is naive to think that, as soon as they are set free, they will jump and jump and then stop by themselves. I have already talked about a disproportion in our economy. We must not forget either that monopolies rule the roost in it. Some small plant, the only one in the country, produces an article, without which several industrial giants will stop operating. Of course, it will dictate its terms and set its price. But conditions for competition have not been created and anti-monopoly laws are not in effect...

[Varshavskaya] So, on the contrary, free price formation, perhaps, will stimulate all these changes? And if not, it will become more profitable to purchase products on the world market, not from our monopolists at triple the price.

[Torbin] With convertible rubles? Incidentally, this problem will become even more aggravated soon, when sovereign republics introduce their own monetary systems. It is not clear what, for example, the ratio of the ruble and the lit, of the carbovans and the Estonian mark will be, in what monetary units the republics will settle their accounts, and what will become an equivalent.

[Varshavskaya] And if world prices?

[Torbin] This is impossible now. Moreover, it is incorrect to set prices equal to world prices inside the country. The whole point of world trade lies in purchasing products on the world market more cheaply than in one's own country. For example, the price of power-generating coal on the world market is 74 to 78 foreign currency rubles (at the official rate), in Great Britain, 144, and in Germany, 300. The price of gas on the world market is 75 to 115 foreign currency rubles. In Great Britain it costs 203, in Germany, 201, and in France, 180 foreign currency rubles.

[Varshavskaya] That is, in your opinion, there is only one way. At first to establish a market infrastructure, to improve finances, and to turn off the money printing machine and only after that to set prices free. However, has spontaneity in price formation not already become unmanageable and uncontrolled?

[Torbin] In fact, the possibility of controlling the price level and the substantiation of price setting has declined sharply. There is a mass breach of price discipline. In order to somehow stop this process and affect it, managers of departments for prices gathered for a meeting in August. At it representatives of all republics arrived at a draft agreement, according to which price regulation should be carried out in a coordinated manner. It is necessary to establish a commission or a committee, which will deal with price formation problems in the common economic space.

After all, if we look into this, the republics themselves are interested in a price balance. Only to the unenlightened does it seem that it is profitable to sell one's products more expensively. Whether we like it or not, economic ties inside the Union remain. Let us assume that Russia will want to triple the price of its oil. Then another republic, receiving fuel at a high price, will try to preserve the price parity by increasing the price of its own products, which it sells to Russia. There is a new inflationary spiral.

Spontaneity in price formation in market countries is an illusion. States with a developed market economy regulate both levels of prices and changes in them. For example, a mechanism maintaining the norms of enterprise profit through price indexing has been developed in world practice. Ideally, we should arrive at this.

[Varshavskaya] Well, we have a long road to the ideal and this road by no means will be strewn with roses. Do you have any forecasts for the immediate future?

[Torbin] Nothing comforting. Even if the country finally embarks on the path of economic stabilization and of progressive and thought-out reforms, a quick improvement cannot be expected. And prices... prices will rise.

## HOUSING, PERSONAL SERVICES

### Tourism Outlook Favorable in Market Economy

92440055A Moscow *IZVESTIYA* in Russian 27 Sep 91  
Union Edition p 8

[Report on interview with V.G. Pugiyev, chairman of the Central Council for Tourism and Excursions, by *IZVESTIYA* correspondent R. Armeyev on the occasion of World Tourism Day: "Mass Tourism Is Possible Under Market Conditions"]

[Text] Right before 27 September, World Tourism Day, *IZVESTIYA* correspondent R. Armeyev asked Viktor Pugiyev, chairman of the Central Council for Tourism and Excursions, several questions.

[Armeyev] Viktor Georgiyevich, we used to celebrate World Tourism Day with a grand party somewhere in the Kosmos Hotel, in the presence of numerous honored guests, the press, TV, etc. What about this year?

[Pugiyev] Now is not the time to party, unfortunately. It is time to be very careful about counting money, it is time to work, let us say, in a European style.

[Armeyev] Is your business not doing too well, then?

[Pugiyev] However strange it might seem, our accounting is in perfect order. Let me quote to you some numbers. The volume of services provided by our system last year exceeded 3 billion rubles [R] and that was almost 9 percent more than the projected figure. Our net profit was R375 million. We should feel elated... However, we are still lagging behind the leading countries in which the share of tourism in the gross national product is some 10 to 20 percent.

[Armeyev] You are citing last year's figures. But there is a world of difference, as they say, between this year and last.

[Pugiyev] The worsening of the situation definitely served to drastically reduce our tourist exchanges. Now we have practically none left with the former socialist states of Eastern Europe, with Mongolia, and with the countries of Near East. Over 80 percent of the trips included in cooperation agreements have been canceled.

[Armeyev] But this is almost a catastrophe!

[Pugiyev] We are not despairing. First, we hope that the situation will finally stabilize. Second, we are trying to find a modern resolution for our problems. We have set up about ten joint ventures: The Soviet-German Lengatur in Petersburg, the Soviet-Austrian Tbilisaar in Tbilisi, the Soviet-Indian Medeo-United in Alma Ata, the Soviet-French Viktoriya in Moscow. The latter enterprise intends to open a hotel chain, with world-class service, in Moscow, Petersburg, Kiev, Odessa, and Yerevan. One of their hotels, the Okhtinskaya, is already functioning in Petersburg.

[Armeyev] Do you not feel that alternate tourist companies, cooperative ones, small ones, etc., are breathing down your neck?

[Pugiyev] No, they are still too far behind because they do not have their own resources and the volume of their services is rather small. But I have to admit, in all fairness, that some of them prove to be very creative; sometimes they work in a more cost-efficient way.

[Armeyev] You call yourselves the Central Council for Tourism and Excursions but the words "center" and

"central" are very unpopular at present. Anyway, how can you regulate tourism now in an independent Armenia, for instance?

[Pugiyev] The Central Council is expected to undergo considerable changes. These are partially explained by the great difficulties in selling tours and by the drastic reduction in the volume of tourism in Armenia, Georgia, Azerbaijan, the Baltic republics, Moldova, and central Asia. Another reason is also the fact that joint-stock entities are the most promising forms today. Our trade union tourist organizations will be transformed into a network of joint-stock companies. The Central Council will become a dynamic management. If we organize our work in this way we will gain several advantages, such as the intensified wish of employees at all levels for their company to succeed, the involvement of additional investments, including foreign ones, and noticeable improvements in tourist services.

[Armeyev] Does that mean that the "center" will have no work to do at all?

[Pugiyev] No, it does not. I think that the center will ensure coordination, maintain the tourist exchange, provide computerization and personnel training...

[Armeyev] Please describe the last item in more detail.

[Pugiyev] Together with the State Committee of Public Education, we are designing a system of higher, secondary vocational, and secondary education to train our personnel through continuous instruction. There will be tourism schools, lyceums, colleges, universities, etc. Our advanced training institute has already been transformed into the Institute of Tourism. International curricula are being prepared.

[Armeyev] Viktor Georgiyevich, how do you plan to defend the interests of mass tourists under the conditions of a market economy?

[Pugiyev] We are trying to ensure that USSR Gosstrakh [State Insurance Administration] funds for 1992 include the money to compensate our people for higher prices of travel; we want to offer discount trips including round-trip transportation, to secondary and higher school students. We are asking that our tourism and excursion organizations be released from paying for the lease of land, be released from paying the profit tax or that this share of the profit be redirected as a single-purpose sum for the maintenance of our facilities.

[Armeyev] Do you think, it might become possible, in a year or two, to go as a tourist to Latvia, Estonia, or Lithuania, for instance?

[Pugiyev] Why not? We will sign bilateral agreements with them: Tourism knows no borders.

FUELS

Fuel, Energy Preparations for Winter Viewed

Deputy Power Minister Interviewed

924A0015A Moscow PRAVITELSTVENNYY VESTNIK  
in Russian No 37, Sep 91 p 9

[Interview with Yevgeny Ivanovich Petryayev, Deputy USSR Minister of Power and Electrification: "On Leaving, Turn Out the Lights"]

[Text] Before much time has passed, long-lasting cold weather will begin to grip an increasingly large part of the country. The street lights will light up earlier, and we shall start to turn on the lights in apartments and places of work earlier. The radiators for heating will come alive. In brief, that time of the year that is marked by increased energy consumption and, consequently, more intense operation of the enterprises that generate heat and electricity will arrive.

"What condition is the industry in right now?" PV's [PRAVITELSTVENNYY VESTNIK's] correspondent asked Deputy USSR Minister of Power and Electrification Ye. Petryayev. "Not too many optimistic reports are coming in from the field about readiness for operation in the fall period...."

[Petryayev] I will say at the start that the power supply for the country's economy and communities during the forthcoming winter will be handled under strained conditions. This was caused by two factors: first, a deterioration of the energy balance and, second, by an inadequacy of fuel.

[Question] Explain please, Yevgeny Ivanovich, what is the trouble here?

[Petryayev] Primarily the fact that in the past two decades the rate of increase in putting generating capacity into operation has lagged behind the rate of increase in power consumption. Recently the situation has been aggravated by the fact that, as your paper has already reported, the program for erecting power stations has been curtailed. This refers not only to nuclear but also to large hydropower and thermal-power stations. As a result, reserve capacity in the USSR Unified Power System is one-third to one-fourth that of the standard. It has been estimated that the total capacity deficit throughout the country in December of this year will be about 7 million kilowatts. It will be especially noticeable in the Ukraine, the North Caucasus, the Transcaucasus, the central regions, the Urals, Kazakhstan, and Central Asia, as well as in Chita Oblast and Buryatia.

[Question] But you have spoken about the lag in growth of capacity behind the growth of power consumption for two decades. How did the power workers cope with the task previously?

[Petryayev] Basically through intensified use of equipment that had been put into operation earlier. What has this led to? To the fact that more than 60 percent of the power-generating equipment has expended its rated service life. In order not to reduce the reliability and economy of operation of such equipment, substantial material and labor resources had to be invested in repairing and rebuilding it. This is why in recent years we have paid the most serious attention to equipment overhaul.

This work was started back in February. Power-unit equipment with a total capacity of about 89 million kilowatts and more than 500 power boilers and water-heating boilers were to be overhauled, and more than 900 kilometers of heating-grid pipe were to be replaced. But unsatisfactory support in terms of supply and equipment resources has made conduct of the overhaul campaign very difficult. Primarily, poor work by the metallurgical enterprises has been telling here. Suffice it to say that the extent of provisioning right now is 40-70 percent for pipe for various purposes, 30-50 percent for cable products of various types, and no more than 30 percent of what is needed in the way of shutoff fixtures.

What have we managed to do? I will say it frankly: we are lagging behind the amount of overhaul for last year.

By 1 September the annual task for overhauling generating capacity had been accomplished by 60 percent and for overhauling power-engineering boilers by 50 percent and water-heating boilers by 35 percent, and 47 percent of the task for relaying pipe in the heating grids had been accomplished.

We need the prompt assistance of the suppliers. Not much time remains before the arrival of the current winter's cold weather, but if the delivery of supplies and equipment that I spoke about is increased we shall still be able to do much.

[Question] To be sure, what you have told us is not encouraging....And what about fuel?

[Petryayev] The economy came out of last winter with fuel-resource reserves 22 percent less than after the winter of 1989-1990. The suppliers' remainders of these resources also turned out to be lower.

According to the specialists' estimates, the remainders of fuel and power resources, as well as the production volume thereof, are not enough for the industry's normal functioning, and, consequently, for the functioning of the economy as a whole. During an ordinary winter, not a mild one, a shortage of coal, mazut and gas requires that the release of energy to industrial customers be restricted by 10-15 percent. If the winter is one that is colder than the average over a period of many years' observations, then the shortage of energy can grow to 20 percent.

The ministry has taken steps for the maximum possible increase in electrical generation and economical expenditure of fuel. However, even this measure does not solve the problem. The supplying of fuel for electric-power stations of the Maritime Kray, Magadan Oblast, and Sakhalin causes special concern because of the inadequacy of resources of Maritime, Urgal, and Sakhalin coal. Therefore, there arises today the need to restrict the generation of electricity and heat for customers there.

Moreover, as a whole, the buildup of fuel supplies at power stations is lagging greatly behind the goals set. This refers especially to coal. Already it can be said that by October there will be none.

[Question] In brief, when leaving, turn out the light?

[Petryayev] We are not restricting households. But, making use of the occasion, I would ask city and rural dwellers to expend electricity and fuel economically. Cutting off industrial power consumers on a large scale will be inevitable. Each republic, each region should develop ahead of time a setup for this kind of restriction. Power-intensive enterprises of ministries and agencies (except for oil-refining production facilities) should make plans on how to reduce the consumption of electricity and heat during the peak load period by making fuller use of night shifts and Saturday and Sunday workdays, with a sliding work schedule.

In conclusion I would like to say that the fuel-and-power complex clearly demonstrates the vital necessity for preserving a single economic area for all the republics. At present only three of them—the RSFSR, Turkmenia and Kazakhstan—have a favorable fuel-and-power balance. Six republics are provided only partially with their requirements for fuel resources, and six—Lithuania, Latvia, Armenia, Belorussia, Moldova, and Georgia—have practically none. A situation no less complex is taking shape also in the area of electrical supply. Therefore the republics should solve power-engineering problems jointly.

#### RSFSR Official's Comment

924A0015B Moscow *PRAVITELSTVENNYY VESTNIK* in Russian No 37, Sep 91 p 9

[Interview with Igor Trifonovich Gavrilov, member of the Committee for Ongoing Control of the USSR Economy and Deputy Chairman of the RSFSR Council of Ministers, by V. Belyayev: "Commentary of Member of the Committee for Ongoing Control of the USSR Economy and Deputy Chairman of the RSFSR Council of Ministers I. T. Gavrilov:"]

[Text]

[Gavrilov] Actually, the situation in the fuel-and-power complex is extremely serious right now. Why? I shall start, it would seem, with a particular case.

Yevgeny Ivanovich spoke in the interview about the necessity even now for restricting the output of heat and

electricity to customers of the Far East Economic Region. This strict measure was provoked by nonfulfillment of the goals for shipments here, primarily of South Yakutia and Neryungri coal. In August a joint decree of the former USSR Cabinet of Ministers and the RSFSR Council of Ministers was adopted which authorized the coal miners even to cut exports, with compensation for the reduced foreign exchange. But discipline was a letdown: the joint decree was not met, and time is flying rapidly.

Now the more power-intensive enterprises in this economic region must be disconnected. Incidentally, they belong to the military-industrial complex which, in accordance with conversion plans already adopted, should have produced, for example, certain equipment for building up the recovery of oil. But there was none, and there is none. Indeed, the revival of idled wells alone would have given us right away the recovery of about 24 million tons of additional oil annually. And so it happens that the defense complex itself, like the noncommissioned-officer's widow, has been flogged....

[Question] But nevertheless, Igor Trifonovich, what awaits us from the approaching winter?

[Gavrilov] Certainly it will be more severe than the last ones, and so the energy deficit is, like what was said in the interview, as much as 20 percent. Under these circumstances it is very important to determine priorities precisely, to determine precisely where, and to whom, heat and electricity will be sent. We, the Committee for Ongoing Control of the Economy of the USSR, discussed this question most seriously on 1 September. The main thing is to provide for the vital functions of the country's big cities, in which 66 percent of all citizens of the Soviet Union reside. But heat and electricity can be given to such cities only by taking energy away from a number of industrial customers. And so I repeat: the first-priority job is to provide the people with heat and light.

[Question] But in cutting off the delivery of energy to industry, we lose in the economy. Isn't that so?

[Gavrilov] We lose. Let's, however, put the question somewhat differently: what are we proposing to win? Do we win, in particular, if we continue to engage, for example, in the power-intensive electrolysis of alumina, which requires an enormous amount of electricity, and then sell aluminum abroad? We must calculate such decisions carefully.

But on the other hand, of course, we win if we send the same power resources to industrial facilities that have been erected and are in a high stage of readiness. This is our priority after providing people with heat and light.

I have already said that certain enterprises that require heat and electricity in the greatest amounts will have to come to a halt. From this there is a third task: compensatory measures. The workers of these enterprises must be paid the same money which they earn right now.

Indeed, we cannot permit a reduction of their standard of living, in order not to cause a social explosion. In brief, there is before us a complex of questions which arise because of the fact that, let's put it this way, an energy pit has been formed....

No, we must be more precise. It is not a pit, but in all only a low spot that was formed because of inconsistent execution of the economic reform, because of the attempt to save some one branch of the economy at the expense of others. Pardon the comparison, but we are like a crane in a swamp, which, in pulling out of the quagmire, gets stuck by the nose....Do you remember? Nonacceptance of systematic radical economic reform thus has led to the situation that has been created in the national economy. It cannot be denied! We have been trying throughout the day to lunge forward, first for one, then for another "thread", " hoping that we can thus unwind the whole ball.

Take a look, now: the oilfield workers, for example, need right now 15 billion rubles in order to start up wells that have been drilled through and whose facilities have been built. Moreover, another 550 million in freely convertible currency for the purchase of pipe, pipe fixtures, and chemical reactants. But there is this fact. We have three branches that are employed, roughly speaking, in oil: geology, oil recovery, and oil refining. We are wasting 4.5 billion rubles annually alone at the juncture of geology and recovery, and, at all interbranch junctures—from oil exploration to severe refining of the hydrocarbon raw material—about 10 billion rubles! The chain, it can be said, is not tied together technologically or administratively.

Sometimes it seems that irreversible changes in genes have occurred in our executives: they are all accustomed now to asking painfully: "Give us money! Give us foreign currency!" It is agreed, when they say that there is not enough of this or that. But I would like to ask a counterquestion: in rough figures, is it possible to save 550-600 million tons of standard fuel equivalent just from the program for saving resources and energy? Indeed, right now one-third of the energy is being expended irrationally, and not only is no one fulfilling the program for saving resources and energy but no one is even thinking seriously about it. And you say—we will lose in the economy....

[Question] One cannot agree with your logic. But in these days of approaching winter, it is probably not worthwhile to be occupied with changes in the control structures and with long-range programs. The question is this: shall we survive this winter? In any case, it is possible both to hear such words in radio broadcasts and to read them in the newspapers. Something is panicky....

[Gavrilov] About the control structures. They must be changed but, of course, not instantly. It is intolerable that, during a production crisis in the fuel-and-power

complex, a management crisis be superimposed. These days actually are not suitable for solutions that are hasty and not well thought-out.

Second. I have already said that a complex of questions arises and the Committee on Ongoing Control right now is developing a program for solving them. You and I are conversing on 4 September. Let us suppose that this program will be completed in 7-10 days. First priority measures were mentioned in Ye. I. Petryayev's interview, and I have discovered something. After adoption of the program, feedback must be established with those power consumers whose interests will—by necessity!—be restricted.

Further. Already a list of facilities which are in a maximum degree of readiness or of those that can be put into operation without special expenditures has been compiled. We say, after having pumped water from the shaft, start mining coal in it.

The financial position of various enterprises is being evaluated with a view to deciding where it is most advantageous to send additional—or minimal—appropriations or supply and equipment resources. This work will be completed in the next few days.

The opinion given is that of the workers of the whole fuel-and-power complex. They are united by the fact that we will overcome the oncoming winter, although losses are inevitable. But the task is to see to it that they are minimal. I think we can do this.

#### Coal Industry Restructuring Highlighted

924A0002A Moscow NEZAVISIMAYA GAZETA  
in Russian 12 Sep 91 p 2

[Article by Yuliya Panyushkina: "USSR Minugleprom Retires from the Forestage"]

[Text] And the controllers are making up for what has been neglected.

The constituent conference of the All-Russian Industrial Corporation Ugol Rossiya begins in Moscow today. The creation of a new state structure of such scale is completely justified under the prevailing situation: in a period of catastrophic collapse of the coal industry, an inexorable drop in production, and other upheavals, Russia's situation is aggravated still further by its lack of any kind of an active system at all for managing the fuel and power complex. And while in other republics the status of the coal industry is being monitored at the very least by the republic's branch ministry, the Russian Federation has received as an inheritance just the one orphaned Union Minugleprom [Ministry of the Coal Industry] (a week ago former minister Shchadov "walked away" into retirement in the company of the whole Union cabinet), which, under the formal leadership of the bewildered deputy ministers, is slowly but surely fading away. As for the leaders of the just-formed RSFSR Ministry of Fuel and Power, they do not at all

intend to reproduce in their practice the former approaches of Union agencies but are preparing with complete seriousness to create those structures which would meet the requirements of purely market relationships. Therefore it is proposed to create at once two structures, or two higher levels, for controlling the industry.

The first of them is an administration or committee for the coal industry within the aforementioned ministry. But both the ministry and the committee will undertake to carry out only those functions which are inherent to government organs in countries with developed market economies. And the creation of a state corporation, whose chief task will be to convert coal enterprises to market relationships, is occasioned primarily by the fact that most of the leaders and labor collectives of the enterprises are not ready at this moment for independent "seasoned" market operations. Moreover, the absence itself of a system of mutual market relationships in the republic and the backwardness of the whole market infrastructure will hardly promote effective production. Taking such realities into account, Russian ministry leaders intend to work out a completely new mechanism for the mutual relationship of the enterprise with the state.

"Above all," RSFSR Deputy Minister of Fuel and Power Aleksandr Yevtushenko told the NG [NEZAVISIMAYA GAZETA] correspondent, "the amount of the state order will be sharply reduced from 90-95 percent to 70 percent. But simultaneously, thus, we are allowing the state to get a guaranteed amount of product from fuel and power resources, and, on the other hand, the enterprises, operating in an environment of an undeveloped market, will get guaranteed support in the matter of supplies, equipment, and financing by at least 70 percent, that is, by the amount of the accepted state order. In this way we shall create a reasonable basis for decisive movement toward the market." Both the enterprises' entry into and exit from the corporation will be voluntary. But, in the words of Aleksandr Yevtushenko, it is assumed that an absolute majority of the enterprises, associations, and concerns will join this structure. Since practically all, even the most efficient enterprises, will still need state support. As a real market forms, the enterprises themselves, as soon as they become the subjects of market relationships, can simply refuse further participation of the state in their activity, leave the corporation, and operate independently.

All this, in the opinion of the corporation's organizers, should be accompanied by earnest measures to denationalize property by introducing joint-stock forms, and so on. Special structures which will engage in promoting privatization are being established within the RSFSR Ministry of Fuel and Power Engineering. "For example," Aleksandr Yevtushenko remarked, "structures for new forms of management existed within the former Minugleprom, but these structures were aimed exclusively at not introducing new forms of any kind. I know this well, since, working as a director of an underground mine, I

was compelled to be judged by the coal industry ministry regarding the conversion to leasing."

As for the corporation's prospects, then, to all appearances it can, in time, be transformed into a commercial supplying organization with intermediary functions.

Minugleprom representatives also took part in creating the corporation. This was necessary primarily because many of these people are high-class specialists, there are at present simply no other specialists of that level in Moscow, and it is not so easy to invite supervisors from the field. "But we are confident," Aleksandr Yevtushenko said in concluding his commentary, "that weeding out the most reactionary supervisors or pensioners, who even right now are indifferent, and, and after choosing the best, we nevertheless will be able to create a good, efficient collective and to begin really to do something."

### Tyumen Oil Situation Reviewed

924A0057A Kishinev MOLODEZH MOLDOVY  
in Russian 14 Sep 91 p 2

[Article by A. Kudrya: "Tyumen Oil: Search for a Way Out of the Crisis"]

[Text] The oil situation in Western Siberia continues to worsen. The production peak of 400 million tons in 1988 has been followed by a decline. Last year 350 million tons were produced, and, judging by the results of the first half of this year, the trend towards lower production volumes will intensify.

The explorationists of the region are in a similar situation. If in better years they drilled up to 2,000,400 meters of exploratory wells, then last year, according to Anatoliy Brekhuntsov, chief geologist of the concern "Tyumengeologiya," they drilled only 1,870,000 meters, while this year they expect to drill not more than 1,550,000 meters.

There are various reasons for the present crisis in the sector. First of all, according to Brekhuntsov, the introduction of free, contracted, and commercial prices was not considered during the formation of the sector's financial plans last year as well as this year. The sector was financed on the basis of a 40-percent growth in equipment prices, but in fact prices rose three and sometimes five times. Prices are rising swiftly on everything—pipes, drilling rigs, cement, and transport services.

In addition, the situation in which geologists and oil industry workers now work significantly differs from the situation in the '60s and '70s: there is a trend towards deeper and geologically more complex fields, the exploitation of which requires higher expenditures.

"If before," says Brekhuntsov, "we had fields with 100-150 cubic meters of gas fraction per ton of oil, now we have 400-500, sometimes even up to 800 cubic meters to the ton."

The oil industry workers and equipment industry turned out to be unprepared to work in such conditions.

"And this," according to Brekhuntsov, "was our major strategic miscalculation. Now oil industry workers do not have sufficient machinery for lifting the fluid to the surface; there are no good instruments for monitoring production. And although there are quite enough reserves, we cannot efficiently produce it: the expenditures exceed the calculated value of the oil."

In the opinion of Tyumen oil industry workers, today it is time to change their relationship with the government, particularly in the calculation of value for produced oil. The government pays 65 rubles per ton. On the world market this product goes for 110-130 dollars. If you consider that the official dollar-ruble exchange rate in the USSR is 1:32 (and it has a tendency to grow), then the injustice of such a low price is evident. The unreality of the government price for oil was demonstrated at the recent auctions at the Tyumen and Surgut Commodity and Stock Exchanges, where a ton of oil brought from 330 to 420 rubles, which is 5-7 times higher than the government price.

The oil-producing enterprises have supposedly been given the freedom to sell for foreign currency any oil produced beyond the government order, but the order is set so high that the oil industry workers have no way to overfulfill it and sell surpluses. And for that reason interest in increasing work volumes is disappearing as well.

"In our opinion, which we have repeatedly brought to the attention of the sector's managers," Brekhuntsov says, "to stimulate production, it would be useful for the price paid an enterprise for each ton of produced oil to include a certain share of foreign currency. Then everyone—from operators to technologists—would be stimulated to work efficiently."

Tyumen's geologists see a way out of the crisis in changing the organizational side and exploratory methods, bringing them close to the level which is accepted in developed Western countries—separating the functions of customer and contractor, and participation of exploration organizations in oil production.

In order to raise the interest of enterprises in the careful, quality exploration of mineral resources, the Tyumen Oblast Soviet is actively working on creating a Committee on Mineral Resources, whose function would include monitoring the use of the oil production quota at various fields. The Committee would concern itself with licensing and the issuing of parcels for exploration and oil production. The Committee's functions would also include determining the value of land with proven oil reserves, which would be considered during licensing. The necessity of such a committee is obvious, bearing in mind that not only domestic enterprises but also more and more foreign companies are showing interest in participating in the development of Tyumen oil fields.

Attracting Western capital and technology for further exploration and development of Tyumen region mineral resources will be done on a mutually advantageous basis. As for the talk about the impoverishment of Western Siberia mineral resources, it is grossly exaggerated. According to Brekhuntsov, in recent years Tyumen geologists have finished exploration on a number of major oil fields, and the resource base allows the annual production of 400-420 millions tons at least until the year 2000.

### Current Coal Industry Situation Surveyed

924A0056A Moscow *TRUD* in Russian 8 Oct 91 p 2

[Article by A. Tuleyev under the rubric "Point of View": "Kuzbass: There is Freedom, but Will There be Coal?"]

[Text] The political passions which have fevered the economy of the Kuzbass have apparently subsided a little. But as before, there is no peace in the soul. The anxiety about tomorrow won't go away—with what will we keep warm, with what will we heat homes, schools, kindergartens, hospitals, with what will we maintain boilers, heating plants, and power stations? There is little hope for Kuzbass fuel. This year coal production in the Kuzbass will slip to the level of 1971, while underground production is still lower, at the level of fifty years ago. Instead of 150 million tons the miners have produced 35-40 million tons less.

But seemingly it should be the opposite, since the demand of the strikers was met: underground and strip mines have received the right to transfer to Russian jurisdiction. But somehow this transfer is being done strangely. Instead of stabilization there is a decrease in the basic indexes. The mines survive one day at a time, weakly working at development. Thus the volume of preparatory work, compared to last year, has fallen by 31 percent and the building of main shafts by 27 percent. And here is the result: the overall number of working faces has been reduced by nine percent.

The principal losses from all this will be felt by metallurgists and power industry workers. They simply haven't been able to recover after the miners' strikes. A third of the coking batteries are still working on the verge of emergency stoppage, but no improvement is foreseen, since the production of coking coal will now decline by approximately 15 million tons. Even the complete cessation of export sales of coking coal isn't helping.

It's even worse at the electric power stations. Even our own Kuzbass power stations—Belovskaya, Tomusinskaya, GRES [state regional electric power station]—are standing with empty bins.

I cite this information, having in mind some more. While production worker labor productivity was dropping by 20 percent, the salary at the mines increased two and a half times. Vacation time has been more than

doubled, as a result of which several mines have been forced to shut down even active faces—there was no one to work.

Now, when the Union ministry is no longer the master, but the Russian Mintopenergo [Ministry of Fuel and Power] is not yet the coordinator, production questions are turned over to the collectives themselves. If it were another time, one would rejoice: complete freedom! But not every mine can obtain the mining machinery, bracing material, and other equipment.

It's good that today the mines aren't run from Moscow. But perhaps there are some other, nonadministrative, measures on the way?

In the contracts concluded by mines which have changed masters, there is a clause giving five percent of the production to the Russian government. It is proposed that this coal be exported for foreign currency, which the government will use to alleviate social problems. In money this amounts to about seven billion rubles. Such is the price for the transition to Russian jurisdiction. But when you realize that the Basin needs a subsidy of only three billion plus, you take less joy from this step.

Moreover, as was already said, this payment is taken without any guarantees at all of help for the mines. No one intends to supply them with anything, since Russia has almost no mining machinery industry, so the miners are forced to seek and buy the needed equipment themselves. What the production cost of coal will be under current prices for machine products, I do not presume to predict. But I know that the overwhelming majority of Kuzbass mines were unprofitable even without that. It turns out that the free market can offer the majority of mining collectives only one freedom—freedom from earning a living and supporting a family.

One must not throw the mines to the mercy of fate under today's conditions. But we did throw them, to be frank. Having concerned ourselves with political reconstruction, we forgot about reconstructing the important thing—the economic base. The Basin has a acute need for mine reconstruction; 70 percent of the enterprises need it. Our predecessors knew about this too, but they preferred more to wring their hands than to change something—in 20 years not one mine was put into operation.

The new regime is no better so far. Today's "forgetfulness" concerning reconstruction of production capacity will turn into billions in losses tomorrow. But most important are the people doomed to poverty. The miners together with their families are almost half the population in an oblast of almost one and a half million people. But the oblast authorities cannot yet tackle the problem alone—it is not within their power. Reconstruction of the mines through the oblast budget and the collectives' own resources is not possible. It can't be managed without large investments from the government. But once the Union Minugleprom [Ministry of the Coal Industry] is no longer above us and there is no longer

anyone from whom to await millions, I propose creating an administration of the fuel and energy complex, providing it with union-republic powers. And the oblast should create its own management. Not the old command staff, but a structure capable of managing on principles of a different, democratic system.

History itself shows us that things go well in the Kuzbass only when enterprises work together. In the 60's, when the mines were independent enterprises but operated as part of a combine, things went well even within the limits of the command-administrative system. Production increased, housing was built, in those years nine new mines were activated, ten enrichment plants, and so on. This is not a call for a return to the past, but only an argument for unification of a leading sector.

A shattered Kuzbass is no help to the country. We have 22,000 consumers of coal, the majority of whom are not strong enough to stand up for themselves; this is the municipal sphere, those same hospitals, schools. . . Therefore the not-yet-ruined Kuzbassuglesbyt [Kuzbass Coal Market] should be preserved as part of the union-republic administration which I am proposing to create. Only it, with its network of suppliers and consumers, is in a position to remember both the factory in the capital and the subarctic kolkhoz.

In order to keep such "meek" organizations from freezing, it would be worth not abolishing the government order [goszakaz] for them, and fill it through a single coal market on a par with metallurgy and military complex orders. Small consumers cannot give coal miners a barter product, meaning they are not partners to us, simply consumers. Let the government worry about them as well by means of a centralized order. The market with its free prices is more than they can afford for the time being. And in order for it to be to the mines' advantage to fill the government order, they must in turn be supplied centrally, each in proportion to its participation and according to fixed prices for equipment, machines, and bracing material. Kuzbassuglesbyt is in a position to see that all this happens.

So far, though, efforts of a different sort are being seen—to create individual market organizations in each association, at each mine. Some have already received such permission and are very glad about it. Because the country's Cabinet of Ministers after the strike permitted the coal miners to sell 5-7 percent of their coal independently, and the RSFSR Council of Ministers agreed to let the Raspadskaya and Kiselevskaya mines and the Sibir enrichment plant to sell 20 percent of their production, the "Siberian Agreement" is allowed to sell a quarter of its coal at free prices!

In such a situation an immediate decision is required on which of the 22,000 consumers to cross off the lists and whom to freeze first. But of course, the first ones will turn out to be the powerless hospital or kindergarten, not the industrial giant! There is no way coal will pass it by, even though more and more of it now goes to new

addresses, more and more goes abroad. Export through direct ties has doubled. But MVES [Ministry of Foreign Economic Relations], not investigating the matter, is issuing more and more new licenses, usable by anyone. Those who wish to sell Kuzbass coal and the various middlemen are now coming to the mines, as many as flies on honey. So far only foreign businessmen can take any joy from this; we have pretty well beaten down the price of our own coal on the world market.

And what does the Kuzbass get out of this? So far, one could say, nothing. We import from abroad mainly jeans, cars, and VCRs. You can't get out of poverty with these goods. . .

When oblast power becomes a reality, things will surely change. We will be able to put the luxury lover in such circumstances that he will lose his shirt in the tape recorder trade. How will we put him there? By our own right to license, which we are getting, and by our own right to tax, which we are also trying to get, so far unsuccessfully.

## ELECTRIC POWER GENERATION

### Future of Nuclear Power Generation in USSR Examined

914A1256A Moscow *TRUD* in Russian 25 Sep 91 p 2

[Article by M. Rebrov, scientific commentator: "AES's: Burn the Bridges?"]

[Text]

A point of view.

One worrisome fact at the start: the country has already felt a sharp restriction in electrical consumption in the household and in industry. A power-shortage problem faces the Far East, the Ukraine, Armenia, and some parts of Central Russia. We have got into an extreme situation from which we must find our way out. The question is, how? I propose that economic, political, social, and moral patterns should be put at the head of the list.

Have you given thought to what would happen in our lives if electrical current suddenly "disappeared"? The answer—there would be no light—is naive and oversimplified. If there is no current, that means that plant assembly lines and rolling mills will not operate, computers will "take a vacation," automatic mechanisms will go on strike, electrical pumps that deliver water to our homes will be inactive, produce reserves will spoil or cold storage will not maintain the required temperature, and electric trains will stop. There will be no communications, television screens will not light up.... In brief, if there is no current, none of man's technical conquests will relieve his helplessness.

Already the country's electrical consumption is measured in billions of kilowatt-hours, and the demand for

these same "kilowatts" grows continuously. An "electrical famine" is not a high-sounding phrase, and it is not an abstract concept but a threatening reality. Not one branch of our national economy is conceivable today without adequate availability of power. Do we have at our disposal today a sufficiency of it?

A "yes" or "no" answer will not be convincing if we do not cite some specific figures. They go like this. The Second Congress of People's Deputies has approved the government's program, which calls for electrical generation to be brought up to 2,050 billion kilowatt-hours by 1995, but realistically only 1,820 billion can be counted on. On the threshold of winter there is not enough heat and energy at many industrial centers, military garrisons, and ship tenders. Frankly, the situation is threatening, and constructive decisions about ways to supply energy have not been adopted up to now. And the military again is turning out to be in the very worst situation.

There is no need to explain how such a situation in power engineering affects the state of affairs in the country and its social and economic development. Incidentally, the term "development" is hardly applicable here. We are standing on the edge of a power abyss. As Academician Vice-President A. Sheyndlin of the International Power-Engineering Club affirms, the slowdown in generating electricity will reduce the consumer-goods inventory by about 40 billion rubles. And this means that introductions of housing into operation and the consumption of produce and durable goods will be reduced.

The GES's [hydroelectric power stations], TETs's [heat and electric power stations], GRES's [state regional electric power stations], and AES's [nuclear electric power stations] are the electricity factories that give us the power that is so necessary. The share which these "producers" introduce into the social boiler is diverse. The main suppliers are the thermal and hydropower stations. The AES's yield about 12 percent (in comparison, it is 30 percent in Japan and 70 percent in France). During the 12th Five-Year Plan 11 power units with a total capacity of 11,500 MW were put into operation (the capacity of all 45 power units of the country's AES's was 37,060 MW on 1 January 1991). At the same time, four power units with a total capacity of 1,405 MW were shut down at the Beloyarskaya, Armyanskaya, and Novovoronezhskaya AES's. The consumption of electricity has been reduced by almost 5 percent in the past year.

The reader has a right to remark: the AES's share in total generation of electricity is not so great, and the danger they conceal is enormous—Chernobyl is testimony to that. Yes, a terrible tragedy occurred. Its gravest consequences will remind us for many, many years of what happened. Moreover, trust in those who design, build, and operate nuclear power stations has diminished today in people's minds. They simply do not trust them. And, as a result of this, persistent demands for closing all AES's and cutting back nuclear-power development program are being sounded.

There are many criticisms, as well as fears. In many ways they are justified. But let us take a look at the problem from all perspectives. Existing thermal power stations require a large amount of fossil fuel—coal, oil, and gas. According to AN SSSR [USSR Academy of Sciences] assessments, in the near future we shall not reach the planned indicators in the recovery of these most valuable fuels: instead of the 575 million tons of oil planned by 1995, we shall get no more than 500 million tons; of coal—not the 810 million tons but only 730 million; and of gas—80 billion cubic meters less than the planned level. The figures, as we see, are not reassuring. And so we are being compelled to evaluate the potential of AES's soberly.

At present, the total world consumption of power on the planet is estimated at  $340 \cdot 10^{18}$  Joules. Coal and oil furnish  $230 \cdot 10^{18}$  Joules of it. With the combustion of fossil fuels, up to 400 million tons of sulfurous gas and nitrous oxides (about 80 kg per person on earth!) are formed annually. Scrubbing structures do not solve the problem completely.

Our "scrubbing" problem is more severe than any place else. Imagine: A thermal power station equal in capacity to the Chernobylskaya AES burns 15 million tons of coal annually—about 700 carloads per day. In so doing, about 10 million tons of ash and half a million tons of harmful sulfurous gas are formed.

And the gigantic dams on our rivers? They exist and they are operating. However, the country's hydropower stations yield about 13 percent of all the electricity generated. Today we use only one-fifth of our potential hydropower. And although it has its ecological problems here—and they are extremely serious—they can be solved with a rational and well thought-out approach. But we shall be realistic: in the coming decades we must not count on a considerable contribution of hydropower stations to the country's overall power balance.

Let us return again to the AES's. Prior to the Chernobyl tragedy, the necessity for developing nuclear power which would be clean and would also save fossil minerals in the natural storehouses (they are not at all bottomless!) caused doubts on the part of few people. Today, as has been said already, the situation has changed sharply. Is it possible to eliminate the contradiction between the demands for developing the power of the atom on the one hand and the interests of safety on the other, or has the time for repentance passed before the daydream?

One can argue with any policy that the press sets forth. One cannot agree with them on one thing alone: haste and emotions never have led to optimal results. And so let us discuss matters in a well thought-out manner and soberly. World statistics establish that there is an enormous number of dangerous production facilities on our planet. These include chemical plants, oil and gas storage, munition plants and warehouses, and nuclear-weapons arsenals....And despite the fact that mankind strives for constant improvement of technology, it must

be admitted that there are absolutely no safe solutions in any area of science and technology. Accidents and catastrophes that take the lives of hundreds and thousands of humans are occurring, now here and now there. But nevertheless, high and extremely high guarantees of AES safety can be attained. It is not accidental that the total capacity of the world's AES's grew in the year 1990 alone by 6,000 megawatts, reaching 324,000.

I have been able to become acquainted in some detail with the nuclear power of Japan, which survived the tragedies of Hiroshima and Nagasaki. The problem of AES reliability is vital there also. But here is what Mr. T. Kanayama, general director of the Todotia Engineering Test Center, said:

"The belief exists that if we achieve a safety that will correspond to  $10^{-7}$  (the probability of one serious accident in 10 million years of AES operation), then passions subside and trust is reestablished."

I admit: it seemed to me that that is practically unattainable, and I did not conceal my doubts.

"I can agree that the figure is exaggerated, but in what direction?" answered my collocutor. "I am ready to take responsibility for a guarantee of still greater reliability. You doubt it? I invite you to take a look at the whole cycle of tests...."

Seeing was believing. And I was also captivated. I foresee a smile: these are the Japanese, with their very high technical base, skill, and meticulousness of nature. But indeed we do not have to borrow skill and wisdom of thought. There are plenty of examples of that. I refer to the domestic VVER [water-moderated water-cooled power reactor], and to the design of AES-92, which calls for a marked increase in nuclear-power station safety. It, as AN SSSR corresponding member V. Sidorenko and other authoritative experts confirm, allows any event, the most unforeseen, however improbable it may be, to be neutralized.

The Chernobyl misfortune showed graphically what harm that radioactivity that escapes control can inflict on people and nature. Calls for building AES's in remote, uninhabited regions have appeared. But you will agree that this is expensive populism. The construction of an AES makes any region, even the most empty one, inhabited. A modern nuclear factory for electricity is an enormous enterprise with a large staff of workers. Tens of thousands of people—in essence a whole city—live and work at an AES with a capacity of 6-10 million kW.

So where is the way out, and what is it? What help can the sun, the wind, the tides, and the earth's heat give us as alternative energy sources and by way of hope? In time there will probably be all of this, but today's path is different: It is careful development and expertise in design, the most rigid control of construction, and the same rigid and unconditional observance of AES operating norms—large and small.

Let us add to this the training of specialists, modern technologies, and a precise program of actions. There are still many gaps in this matter. But they are here and they will remain if a law is not adopted about nuclear power engineering, if the state surveillance organ is subordinated to economic structures, and if we are not able to manage our intellectual resources. For indeed all this can bring time and our needs into line. And this is not only possible but it is also necessary. We have no other path. Do not stride into the 21st century with a splinter as a torch.

**Demand for Electricity, Unpopularity of Nuclear Power Stations Pondered**

*914A1256B Moscow KRASNAYA ZVEZDA in Russian  
25 Sep 91 p 6*

[Article by Yu. Rogozhin, press-bureau supervisor of USSR Gospromatomnadzor: "The Disintegration of Responsibility"]

[Text]

**What kind of a future does our nuclear power have?**

The suspicious attitude toward nuclear power has become in its own way a part of the social subconsciousness. Thus Assistant to the USSR President A. Chernyyayev, in telling how the closest entourage of the President perceived the start of the putsch, made such an admission in the new Vzglyad program. The first thing that came into his head when he saw a group of high-ranking military and civilians heading unimpeded toward the President was that a serious accident had occurred at some AES [nuclear electric power station].

These lines were written to the accompaniment of verbal frays at the special USSR Congress of People's Deputies. Many parliamentarians predicted various misfortunes that will provoke the uncontrollable disintegration of the Soviet Union. It is strange that no one raised the problem of nuclear power—how to divide it among the republics.

At first glance, the solution lies on the surface—transfer the nuclear stations and enterprises that produce nuclear power to the ownership of those republics on whose lands they are situated. However, the parceling out of nuclear power ties up a whole bundle of questions: economic, ecological and politico-strategic, the complexity of which, obviously, is not fully recognized by society. First of all, one cannot help but understand that enterprises for mining and enriching uranium and for processing and producing nuclear fuel for AES's can be used (and, moreover, always have been used) for creating nuclear weapons. Splitting up this dangerous activity means the automatic expansion of the "club" of states that possess nuclear weaponry. With all the consequences for the world community that ensue.

In speaking about AES's, after they have been divided up among the republics, first of all the problems of supplying them with nuclear fuel and for sending out spent fuel will have to be solved. And each of them is a strategic product and, therefore, subject to strict accounting and control. The unique equipment at all our AES's dictates the necessity for cooperation on many technical problems. That is, in any case, the need remains for some kind of interrepublic organ for operating the stations.

I say that, in general, nuclear power stations, which are attracting universal attention, are themselves only a part of the colossal iceberg under the name of nuclear engineering, which is completely owned by USSR Minatomenergoprom, and it is the part most visible to the public. The idea of the desirability of AES's existing administratively independent of the ministry, united by region or type of reactor, has long been expressed by specialists. So it is that, in principle, the division of nuclear power stations by republic should not be perceived as something out of the ordinary. Another matter is that it should not be done by way of political attack without the adoption of measures that will avert negative consequences.

In all cases an indisputable priority—that of providing a level of AES safety that is acceptable to society—should remain. As a result of the Chernobyl catastrophe, the world has received convincing proof that the safety of nuclear stations is by no means just a national problem, much less just a republic problem.

For the past five years many norms and methodologies which regulate all stages of the vital cycle of power stations have been reviewed by forces of nuclear specialists in a number of countries, but especially in the USSR. It can be said without fear of exaggeration that by this time they have managed to formulate an integrated philosophy of safety which to a great extent is applicable not only to AES's but also to other industrial facilities which conceal within themselves a serious potential threat to the public and the environment. Suffice it to recall chemical and petrochemical installations, trunk pipelines....

The interpretation of foreign and domestic experience in the practical tasks of increasing the safety of facilities of both nuclear power and the basic branches of industry—this aim was set before USSR Gospromatomnadzor, which was formed in 1989. We asked V. Malyshev, the chairman of this committee, to comment on the new situation.

"We were in principle ready for this situation," he reported. "Two years ago we developed a typical agreement which regulates the relationships of the center with the independent republics on matters of industrial safety. It is obvious today that an interstate committee for regulating the problems is needed. Its specific functions and its manning can be refined after the new Union control structure has been created. We are proceeding

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from the fact that the government of any state that enters the new Union has, of course, a full right to adopt or reject the recommendations of this committee, except for the fundamental recommendations."

"But is such a common center, with extremely restricted rights, needed at all? Indeed, certain small states have their own control organs and a fairly high level of safety."

"Yes, but all this is in those countries where the technology, financing, and discipline are fine-tuned. Even there, international organizational structures (MAGATE [International Atomic Energy Agency] and OES) are used. Moreover, I do not think that it is so necessary that all 37 or more of our republics and regions which proclaim sovereignty must establish two-way communications on all questions, much less international communications."

"In solving problems of operating nuclear and dangerous industrial facilities, it is indisputable that disagreements between the former owners and the republics are possible. Different approaches to the operation of unique installations are not excluded. Of course a central coordinating organ is needed here. And besides, is it wise for each republic itself to retrace, so to speak, to make use of interunion and international experience, and to make preparations and to retrain personnel?"

"I say that USSR Gospromatomnadzor has such functions as the coordinator and controller in accordance with, let us say, agreements already concluded with the Lithuanian and Estonian republics (similar agreements with Moldova, Belorussia, and the Ukraine are ready for signature) are more than adequate."

"What do you see today as the first-priority tasks of surveillance organs in the field?"

"Petty tutelage must be abandoned. The long-term route is licensing. But not one that represents coupon clipping as authorization for economic activity (purchases and sales, exports and imports, mining and so on). Various regions are groping about for modern licensing procedures. But sneaky tricks and even fraud are not excluded here. Let's say that a license is obtained for mining but production operations are dangerous for the life and activity of those residing in the region. In that case, the enterprise must be stopped or rebuilt. That is why it is necessary to evaluate ahead of time not only the cost of an enterprise but also the possibility of insurance payments and the acceptability of its operations, taking into account work safety and protection of the environment. A role for surveillance organs not only is mandatory here but is invaluable."

"But the main thing is to provide safety, primarily through the action of economic levers. And, it stands to reason, the discipline of the operators is very important. Organizations of independent experts should play an enormous role."

"How do you see restructuring of the surveillance organs?"

"It is simply necessary to put the horse before the cart, this is not a barge to be pushed. First it is necessary to define the mutual relations of the republics in a single economic space. To get their confirmation for the transfer of authority to the Union organ, and shared participation in its upkeep is mandatory. And, before the end of 1992, develop a new structure, meanwhile preserving the existing structure, with constant revision thereof as it becomes more precise."

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While this material was being readied for the press, it became known that the Lithuanian government has declared the Ignalinskaya AES to be its property. Right away demands were presented that AES director A. Khromchenko be dismissed. Before the end of the month it is proposed to settle all problems connected with supplying the station with nuclear fuel and with assuring its safety. But would it not be better to do the contrary: solve all problems first and then take responsibility for the AES?

## Fire Breaks Out at Moscow Power Station

*LD1910050591 Moscow Radio Rossii Network  
in Russian 0330 GMT 19 Oct 91*

[Text] One more unpleasant report for Muscovites—we have just received it on the TASS teleprinter. It says: The fire which broke out during the night at TETS-16 [heat and electric power station 16] in Moscow may have serious consequences. This TETS is situated in the northwest of the capital, in a densely populated district on Tretya Khoroshevskaya Ulitsa.

Special equipment has arrived at the fire site. People are combatting the fire. The situation is under control, but is requiring considerable effort from specialized subunits of the fire brigade. Well, we'll wait for details of this big fire.

## Moscow Power Station Fire Extinguished

*LD1910075291 Moscow TASS in English 0732 GMT  
19 Oct 91*

[By TASS correspondent Vladimir Shevel]

[Text] Moscow October 19 TASS—Moscow firemen this morning put out a blaze that erupted during the night at a thermal power station in the capital's north-west.

Fire Service spokesmen told TASS that the fire was a combined result of the destruction of a ball-bearing in a turbo-generator and a coolant oil leak and that the situation is under control.

The fire at the station, on Tretya Khoroshevskaya Street, was quenched by 05:00, and technicians were running checks on various equipment immediately afterwards.

The blaze did not cause any disruptions in either heat or electricity supplies to the neighbourhood, and the station was to resume operation by 10:00.

## CONSERVATION EFFORTS

**Fuel Shortage Forces Strict Energy Conservation**  
924A0026A Moscow *IZVESTIYA* in Russian 1 Oct 91  
Union Edition p 1

[Article by Sergey Bablumyan: "Armenia Introduces a Regime for Conservation of Electrical Energy"]

[Text] Yerevan—Since Monday, 30 September, an extremely strict regime of conservation of electrical energy has been introduced throughout the territory of Armenia, elicited by a most critical shortage of energy resources.

The Armglavenergo Association has informed the republic's population that from 0800 until 0100 the next day,

the supply of electricity to all consumers will be disconnected according to a special schedule. Yerevan is divided into three sectors, each of which will be cut off from the energy supply system for six hours each day.

"How many times now have we had to mention the railroad blockade? This is the 20th day that not a single train has come into Armenia from Azerbaijan. All the railroad tracks in the territory of neighboring Nakhichevan are jammed with tanks full of fuel oil, solar oil, and gasoline, not to mention other extremely important cargo," stated Yuriy Minasyan, director of the material stocks and fuel department of the Armenian Council of Ministers. "With the situation as it is, there is no sense in our suppliers in Russia sending us new shipments of petroleum products. Indeed, there is nowhere to discharge them: Hundreds of tanks stand idle on the railroad tracks of Nakhichevan, creating a problem not just for Armenia."

**Mortality Rates, Worker Longevity Studied by Region**

924A0028A Moscow *VESTNIK STATISTIKI*  
in Russian No 7, Jul 91 pp 24-29

[Article by Candidate of Economic Sciences I. Veselkova, laboratory head at the NPO [Scientific-Production Association] of the RSFSR Minzdrav [Ministry of Health]: "Mortality and Longevity of the Population of Able-Bodied Working Age"]

[Text] The population, and first and foremost the able-bodied portion of it, is a most important component of the productive forces that create social wealth. The magnitude of the labor potential of society, at the same time, is determined not only by the number of individuals of working age, the level of their employment in social production and their education and qualifications, but also by the state of their health.

Measures of mortality and average longevity are among the most important criteria of public health. Mortality, even though it has no absolute significance in describing the state of health of the population, and especially the spread of diseases, is still virtually the sole precise criterion, while evidence of disability or morbidity does not always reliably reflect the actual state of health. It is commonly recognized that the substantive socio-economic conditions of the life of society defining the state of its health are refracted through the mortality rate of people as through a prism.

The last 25 years have been typified by unfavorable trends in the dynamic of longevity among the population of the USSR. An increase in mortality has coincided with a period of accumulation of negative elements in socio-economic development typified by the priority of quantitative rather than qualitative growth. The causes for this worsening in the state of health of the population were connected not only with overall shortcomings in social policy, but also with individual behavior and way of life. The study of the state of health and the factors affecting it for the various age-and-gender groups participating in social production under these conditions is an important problem both for the scientifically substantiated resolution of issues of raising the able-bodiedness of the population, and for the purpose of averting irreversible losses as a consequence of mortality at able-bodied working age.

The fact that mortality among the population in the USSR declined steadily up to the middle of the 1960s—and that the average lifespan had reached its maximum value for the whole history of our country, 70.4 years, in 1964-65—is well known. The value for men was just 1.8 years less, and women 0.5 years less, than the average in the economically developed countries over that period. The gap in these measures has widened considerably in subsequent years, however.

The gap in measures of the average lifespan between men and women had reached 10.2 years by 1980. Male

mortality at the ages of greatest productivity (20-40 years) came to be 3-4 times higher than the mortality of women as a result, owing to which the distribution of deaths by age groups also began to take shape in uneven fashion. Out of the total deaths in the USSR, 37 percent are men and just 11 percent are women at able-bodied age, with 54 and 80 percent respectively for old age. We have, that is to say, a more "progressive" pattern of mortality among women. A reduction in the share of deceased men of able-bodied age and a displacement of mortality to the older age groups would facilitate a significant increase in the country's labor potential.

The negative elements in the dynamic of mortality are typical of the rural population to a greater extent. As early as the 1960s the nature of the values for the population residing in urban and rural areas took shape as follows: more deaths at under 45 years of age in rural areas versus the city, with these values beginning to exceed rural ones after 45 years of age in the city. The situation changed in the 1970s, but not in favor of the rural population—lower mortality of the rural population than in the city became typical only for the population over 55 years of age.

These continued differences in the mortality of urban and rural residents are explained, first of all, by the fact that the sufficiency of quality medical care for the population is lower in rural areas than in the city, the level of hygiene and sanitation is inadequate and the amenities for everyday life are poor. Second, the susceptibility of the male portion of the rural population to harmful habits and influences (alcoholism, injuries and the like) is more strongly pronounced.

The highest mortality rate at working ages in the USSR was observed in 1980—50 out of every 10,000 individuals of working age died, while in 1970 it was only 40. The dynamic of a number of measures changed for the better at the beginning of the 1980s, as the result of which considerably fewer people—42—out of every 10,000 died in 1987, while mortality among the working population decreased by 20 percent compared to 1984 across the USSR, and by 25 percent for the RSFSR.

A comparison of age-by-age mortality factors for 1986-87 with data for 1964-65, the most favorable in our demographic history, has shown that the contemporary measures of mortality at ages up to 40 years old have become lower across the USSR overall and for most of the republics, and a decrease has been noted in the mortality differences between men and women. Despite this, however, the state of male mortality continues to be serious.

The most appreciable changes in the dynamic of mortality occurred in 1985-87, largely connected with the steps taken to overcome drunkenness and alcoholism. The average lifespan in 1987 had reached 69.8 years in the USSR as a result, having increased by 2.8 years for men and 1.3 for women. The increase in male longevity

was caused chiefly by the drop in mortality from accidents, poisonings and injuries, and secondly for men—and primarily for women—by the drop in illnesses of the circulatory organs.

The greatest successes were traced among republics with poor measures of average longevity—the increase was more than three years for men in Russia, Kazakhstan, Kyrgyzstan and Tajikistan, and more than two years for women in Kazakhstan, Moldova and Tajikistan. The gap between the longevity of men and women decreased to 8.7 years across the country overall as the result of improvements in measures of mortality. The difference between the most and least favorable republic values, however, increased at the same time. Men in Armenia thus lived 9.0 years longer than men in Turkmenia in 1987, while women in Lithuania lived 7.9 years longer than women in Turkmenia.

The drop in mortality, however, as well as the campaign to combat drunkenness, was of short duration, and a rise in these values was noted again starting in 1988. The longevity of men in the USSR overall decreased by 0.4 years over 1988-89. Forty-five people died out of every 10,000 of working age across the country overall in 1989 as a result (including 65 men and 25 women). The differentiation of mortality values by territory was great: whereas 49 people (73 men and 26 women) out of every 10,000 people in the adult population die every year in the RSFSR, the corresponding figures are considerably lower for Tajikistan—27, 32 and 22.

An analysis of the average longevity of those who have reached 20, 30 and 40 years of age, *i.e.* certain vitally important levels at the most productive ages, is of interest. It should be noted that the rise in the mortality

of the working-age population also affected the expectancy of living to certain ages. A drop in the expected longevity values for men—especially significant in the republics of Central Asia, Kazakhstan and Armenia—occurred on many territories in 1989 compared to 1986-87. This value for those who had reached 20 years of age, for example, dropped by 2.3 years in Armenia and 1.5 years in Tajikistan, and by 2.2 and 1.6 years respectively for those who had reached the age of 30. An improvement in those measures was noted at the same time in Azerbaijan, and especially in Moldova.

The generally highest values for men, despite this, are typical of Tajikistan and Armenia, and the lowest for the RSFSR and Moldova. Whereas a 20-year old male Tajik has another 52.5 years to live, men in Russia have just 46.6 years, *i.e.* 5.9 years less. This difference abates somewhat with age, dropping to 4.7 years by age 40. Regional differences are not as significant for the female population. Whereas 20-year-old female Azerbaijanis have another 57.8 years to live, Turkmen have just 54.0; these values are 38.7 and 35.4 year respectively at age 40.

One cannot fail to take regional differences—which are sometimes exceedingly material—into account when analyzing the mortality and average longevity of the population. The data for the last 10 years show somewhat of an improvement in the situation in the mortality of the able-bodied population, first and foremost a rise in the survival rate on the territories with the lowest factors (see Table 1). The factors of preservation of labor potential thus increased quite appreciably in a number of republics—they had increased by 7.2 points for men in Russia by 1986-87, by 7.3 points in Kyrgyzstan and by 6.4 points in Kazakhstan. They also went up for women by 2.3 points in the RSFSR and 2.1 points in Kazakhstan. There was not as large an increase in the indicators in Tajikistan, Georgia and Armenia, since their initial levels were quite high.

Table 1—Changes in the Factor of Preservation of Labor Potential by Republics\*

	Men			Women		
	1978/79	1986/87	1989	1978/79	1986/87	1989
USSR	68.0	73.6	71.7	87.1	88.8	88.6
RSFSR	64.6	71.8	69.7	86.7	89.0	88.7
Ukrainian SSR	71.1	74.4	72.9	88.3	89.4	89.3
Belorussian SSR	72.9	75.2	72.8	89.3	89.9	90.0
Uzbek SSR	75.6	78.8	77.5	85.7	86.3	86.6
Kazakh SSR	66.9	73.3	70.8	85.4	87.5	87.0
Republic of Georgia	78.5	79.1	78.2	90.0	90.8	90.7
Azerbaijan Republic	76.4	78.1	78.2	88.3	88.9	89.4
Lithuanian Republic	71.8	75.1	72.5	89.0	90.0	89.3
Moldova SSR	69.8	72.9	72.9	81.6	83.5	84.7
Latvian Republic	68.7	73.8	70.8	87.8	89.1	88.3
Republic of Kyrgyzstan	69.8	77.1	73.4	85.2	86.8	87.0
Tajik SSR	79.5	82.2	81.0	85.7	86.5	86.9
Republic of Armenia	81.7	84.4	80.6	91.4	91.1	89.9

Table 1—Changes in the Factor of Preservation of Labor Potential by Republics\* (Continued)

	Men			Women		
	1978/79	1986/87	1989	1978/79	1986/87	1989
Turkmen SSR	72.5	74.7	73.3	83.2	84.2	84.6
Estonian Republic	69.6	74.3	73.1	88.5	90.2	88.8

\*—The factor of preservation of labor potential is calculated as the ratio of the number of individuals surviving to the age of retirement to the number of individuals reaching working age, 160/16.

Some 71.8 percent of those attaining working age lived to age 60 in the RSFSR in 1986-87, but this value was only 67.7 percent in rural areas, which is 17 points lower than in Armenia.

A rise in the working-age mortality rate occurred in most of the republics in 1988, affecting men first and foremost. The situation was more favorable among women, their measures approach 90 percent and there are not such significant territorial differences as for the men.

Russia, despite definite achievements, nonetheless occupies last place among the union republics in measures of residual life expectancy of men of working age. The highest values achieved are noted in the Transcaucasian and Central Asian republics. Some 80.6 percent of the men and 89.9 percent of the women survive until the end of the working period in Armenia, with just 69.7 percent of the men and 88.7 percent of the women doing so in the RSFSR.

The average longevity of the population in the USSR, despite a definite reduction in mortality in the 1980s,

nonetheless remains considerably below that in the economically developed countries. This is conditioned chiefly by the high level of infant mortality, as well as the increased mortality of the working-age population for all the principal causes of death.

The increase in infant and maternal mortality is largely connected with serious shortcomings in the organization of medical care for women and children. It has been proved, at the same time, that perinatal pathology pre-determines to a considerable extent the further growth and development of children, the state of health of the working-age population and the intellectual potential of society as a whole. The protection of motherhood and childhood should thus be a priority area of any medical and social programs being developed for the purpose of improving the health of the country's population.

One may judge the unused opportunities for reducing mortality among the population of the USSR on the basis of a comparison of standardized measures of mortality (see Table 2).

Table 2—Standardized Measures of Mortality for the USSR and the Economically Developed Countries  
(Number of deaths per 100,000 people of working age)

	Men		Women	
	USSR	USA, FRG, France, Japan, Great Britain	USSR	USA, FRG, France, Japan, Great Britain
All causes	659	363	254	178
including:				
—diseases of circulatory system	217	109	82	38
—tumors	151	103	81	78
—accidents, poisonings and injuries	178	79	38	25
—diseases of respiratory organs	34	12	10	6

Male working-age mortality in the USSR exceeds the mortality level by almost double—and the female rate is 1.5 times—that of five of the economically developed countries, with two times the rate of illnesses of the circulatory system for both men and women, 2.3 times more from accidents, poisonings and injuries for men and 1.5 times for women, and almost triple the illnesses of the respiratory organs for men and 1.7 times for women.

Diseases of the circulatory system continue to be the most "problematic" cause of death among the adult population, comprising 51 percent of fatal outcomes for

men and 63 percent for women across the country overall. At the same time, just 47 percent of the men and 55 percent of the women in Kyrgyzstan die of these causes, with significantly more in Georgia—63 percent for men and 70 percent for women. The highest values for mortality from cardiovascular pathology among the union republics belong to Russia, Latvia, Estonia and Georgia, with the lowest in Tajikistan, Armenia and Belorussia. The measures of mortality from these causes are several times higher in the city, as a rule, but the values for the villages exceed those for the city in the Baltic republics, Moldova, Belorussia and Turkmenia. The mortality rate for men is 1.3 times higher than for

women. The steady rise in the probability of dying from illnesses of the circulatory system could have been evaluated in a positive light, had the average expected age of death not dropped at the same time by 2.4 years for men and 0.8 for women.

It should be noted that the structure of causes of death in the working-age population also changed for the first time starting in 1985: diseases of the cardiovascular system also began to occupy the dominant position here (31 percent), and accidents, poisonings and injuries moved to second place. Mortality from diseases of circulatory organs among the working-age population has its own specific features as well, however. These diseases predominate among urban men and rural women, while accidents, poisonings and injuries (34 percent) remain in first place for rural men of working age, with malignant tumors (33 percent) in first place for urban women.

Male working-age mortality from cardiovascular pathology is now triple that of female mortality. And while urban and rural values for men differ only insignificantly, mortality from diseases of the circulatory organs for rural women is roughly 30 percent higher than for urban women.

Malignant tumors occupy second place among the principal causes of mortality in the population—18 percent for men and 15 percent for women. And while we have had a reduction across all classes of diseases over the 1980s, the factors of mortality from malignant tumors continue to increase.

It is not only a matter of a sharp worsening of the ecological situation, but also the fact that up until now the prophylactic medical examination and diagnosing of cancerous tumors has been at a low level. As a result, for example, 28.2 percent of patients with malignant growths in 1987 were ascertained in stage III and 21.4 percent were ascertained in stage IV, i.e. one out of every two oncological patients was ascertained when medicine was effectively powerless. The highest values were in Kazakhstan, Russia and the Baltic republics, and the lowest in Turkmenia and Georgia. The number of deaths in the city was roughly 30 percent higher than the analogous values for the country.

A rise in the measures of mortality rate from accidents, poisonings and injuries, after somewhat of a reduction in 1985-87, was detected anew starting in 1987. Almost 19 million people are injured or poisoned in the country every year. The cause of one out of five injuries or deaths in highway accidents is moreover the use of alcohol. Some 308,000 people perished in accidents, poisonings and injuries in 1989, 24 percent more than in 1986. The highest levels of mortality from injuries were in the RSFSR and Latvia, with the republics of the Transcaucasus and Central Asia at half that.

Particular attention must thus be paid today to social measures to prevent illnesses and reinforce the health of the population.

The formation of a healthy way of life is an indispensable part of prevention. The difficulty of the problem under contemporary conditions, however, is that people are not sure of tomorrow, they do not think about or take care of their health. This indifferent attitude of people toward health is expressed in excessive smoking, abuse of alcohol and little mobility. All of that is aggravated by the poor quality of the medical care being offered.

It must also be taken into account without fail that specific features that take shape under the effects of local factors are typical of the formation of the health of the population of concrete regions in addition to the overall general laws, and a policy of health management should be of a tailored, regional nature with a regard for the significance of the actual medical, demographic and socio-economic situation and the trends in its development.

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#### Loss of Work Time From Strikes Listed by Oblast

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in Russian No 9, Sep 91 p 68

[USSR State Committee for Statistics table]

[Text]

#### Losses of Work Time in the National Economy Due to Strikes in January-June 1991

	Number of enterprises, institutions and organizations whose employees took part in strikes	Average number of workers who took part in strikes, in thousands of people	Number of man-days lost due to strikes, in thousands of man-days	Total funds paid to workers who took part in strikes over time they were held, in thousands of rubles
USSR	913	413	4,213	9,086
Russian Soviet Federated Socialist Republic	644	165	2,016	6,025
Arkhangelsk Oblast	3	0.8	1.3	
Vologda Oblast	3	0.5	1.3	
Murmansk Oblast	2	0.5	1.4	

## Losses of Work Time in the National Economy Due to Strikes in January-June 1991

	Number of enterprises, institutions and organizations whose employees took part in strikes	Average number of workers who took part in strikes, in thousands of people	Number of man-days lost due to strikes, in thousands of man-days	Total funds paid to workers who took part in strikes over time they were held, in thousands of rubles
Komi ASSR	23	9.9	176.0	
City of Leningrad	2	0.3	6.3	
Kostroma Oblast	1	0.0	0.3	
City of Moscow	1	0.5	4.3	
Tula Oblast	10	2.8	42.9	
Nizhegorodskiy Oblast	326	10.4	10.4	
Chuvash SSR	1	1.4	1.4	
Belgorod Oblast	2	0.4	1.8	
Lipetsk Oblast	2	0.4	0.4	
Rostov Oblast	29	11.3	100.0	13
Perm Oblast	3	0.7	9.6	
Sverdlovsk Oblast	5	6.4	48.3	
Chelyabinsk Oblast	15	6.0	64.4	
Bashkir SSR	1	0.6	1.7	
Tyumen Oblast	2	0.6	1.7	
Kemerovo Oblast	203	108.1	1,533.3	6,007
Krasnoyarsk Oblast	5	0.9	5.3	5
Chita Oblast	1	1.6	1.6	
Buryat SSR	1	0.3	1.7	
Kamchatka Oblast	1	0.1	0.4	
Magadan Oblast	2	0.6	0.6	
Ukrainian SSR	206	168	1,862	3,061
Lugansk Oblast	20	10.3	192.6	399
Dnepropetrovsk Oblast	9	4.7	83.3	
Donetsk Oblast	67	68.9	1,103.5	2,662
Zaporozhye Oblast	1	0.3	0.3	
Kirovograd Oblast	4	1.3	1.3	
Poltava Oblast	1	0.1	0.0	
Volyn Oblast	7	4.0	101.6	
Transcarpathian Oblast	2	1.1	1.7	
City of Kiev	24	7.8	8.6	
Lvov Oblast	52	45.9	347.7	
Rovno Oblast	1	0.9	0.1	
Ternopol Oblast	16	21.0	21.0	
Khmelnitskiy Oblast	1	0.0	0.0	
Nikolayev Oblast	1	1.5	0.4	
Belorussian SSR	45	63	273	
Brest Oblast	1	0.3	0.3	
Vitebsk Oblast	5	2.7	9.5	
Gomel Oblast	4	1.2	4.6	
Grodno Oblast	3	2.4	7.7	
City of Minsk	25	42.6	198.8	

**Losses of Work Time in the National Economy Due to Strikes in January-June 1991**

	Number of enterprises, institutions and organizations whose employees took part in strikes	Average number of workers who took part in strikes, in thousands of people	Number of man-days lost due to strikes, in thousands of man-days	Total funds paid to workers who took part in strikes over time they were held, in thousands of rubles
Minsk Oblast	6	11.7	50.5	
Mogilev Oblast	1	1.6	1.6	
Kazakh SSR (Karaganda Oblast)	1	10	18	
Republic of Moldova	4	1	1	
Republic of Armenia	13	5.7	42.6	

The largest increase in losses of work time due to strikes fell in April, when some 300 enterprises were not operating for that reason. The wave of strikes receded sharply in the May-June period. Losses of work time over those two months occurred at 85 enterprises and totaled 300,000 man-days. There were 16 enterprises on strike in July of this year, of which 13 were trucking enterprises in Armenia.

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**Prospects for Central Trade Union in Face of Republics' Independence**

924A0068A Moscow *TRUD* in Russian 9 Oct 91 p 2

[Article by V. Krestyaninov, graduate student at the Academy of Labor and Social Relationships, Moscow: "Destruction Is Easier"]

[Text] Recently, opinions have been expressed on a more frequent basis regarding the unsuitability of trade union organs at the union level. These opinions also hold that republic trade union centers will clearly be able to resolve more effectively, than is the case at the present time, those problems concerned with protecting the interests of their workers.

It is possible to understand such opinions. To a large extent, they are explained by the rapid process of sovereignization of the republics comprising the USSR. However, it would be too simple to explain everything on this basis. One cannot help but note that today many trade union structures functioning within the country (and particularly the USSR VKP [General Confederation of Trade Unions of the USSR]) are still not meeting the demands of our dynamic times.

Many examples can be cited. There is the all-too-slow work concerned with concluding branch wage agreements between the trade unions and the ministries: begun during the spring, it has today, at a time when the ministries are being abolished, lost all meaning. This includes the absence of proper opposition by a number of central trade union organs to the anti-national policies of the former USSR Cabinet of Ministers.

Let us try to analyze the work of the Federation of Trade Unions of Workers Attached to the USSR Mining-Metallurgical Industry (in other words—the "Soyuzmetall" Association), which includes the trade union organizations of practically all of the republics having enterprises of ferrous and non-ferrous metallurgy as well as the gold and diamond mining and jewelry industry—in all, approximately four million persons. Recently the branch's workers have demanded higher wages, more independence for their enterprises, an expansion in the benefits for work performed under hazardous conditions, changes in the pension legislation, an increase in vacation time, improvements in the status of workers in the Far North and Far East, and so forth. Many of these demands have been realized mainly as a result of persistence on the part of the federation's Council.

For example, let us take the period marked by the appearance of Decree No. 271 of the USSR Cabinet of Ministers, which authorized enterprises to increase substantially the consumption fund and to sell a portion of their products at free prices and, in essence, which made it possible to increase wages almost twofold. Indeed, if at the time the trade union center, together with the people's deputies from the trade unions, had not displayed firmness and determination to launch a strike—the decree would scarcely have been adopted.

The enumeration of merits could be continued. But this was not the only matter of concern. Rather, importance is attached to the fact that today the "Soyuzmetall" trade union center and the union governing structures must be taken into account. I repeat—the trade union center, which is a powerful association of republic organizations. Their strength—derives from their unity.

The centrifugal tendencies are strong. And thus one question is inevitable: after having truly destroyed the union structures, will the republic trade unions be capable of defending the interests of the people more effectively? I personally have some strong doubts in this regard. And here is why.

We are accustomed to mixing economics with politics. But there is a substantial difference between political and economic sovereignty. If the former is desirable—from the standpoint of common sense and international law, then the second is scarcely capable of ensuring

well-being in the republics. The breaking up of the national economic infrastructure and the disruption of economic relationships and efficient cooperation, established over the course of decades, will produce nothing but harm. Conversely, the idea of a single economic expanse is growing in popularity. Even those republics which irrevocably abandoned the USSR are turning to this. An inter-republic economic committee for administering the national economy and coordinating the carrying out of the economic reform is being created on an equal footing. But just as soon as coordination of the work of the republic economic structures takes place, will it not be smart to destroy the inter-republic trade union organs which are on a par with them?

The present federation council has little in common with the trade union Central Committee which existed up until September of last year. This is no longer the semi-administrative organ that was given the right to issue commands.

In order to become convinced regarding the fairness of the facts stated above, it is enough merely to glance at the federation's new regulations. Certainly, the "birthmarks" of the past still persist: all of us are children of the command system and are not able to rid ourselves easily of the burden of the past. It bears mentioning that the new republic trade union structures are also unable to rid themselves of it. However, it is my opinion that the most reliable guarantee against a recurrence of command management is that of a brief financial "lead," by means of which membership organizations hold onto their federation: in the face of any attempt by its management to usurp the authority of delegated powers from above, the channels for withholding membership dues, used for maintaining the federation's staff, will be closed down immediately.

But could it be that there is no need today for any trade union organ that is on a par with the Inter-Republic Economic Committee? Is it possible that the branch trade union structures of the republics are able to do business with it directly? This is hardly the case. The possibility is not excluded of a considerable "breaking up" of the trade union formations (taking into account the numerous territorial self-governments, branches and sub-branches), which also wish to become "independent and sovereign." No inter-republic government or coordination center is capable of working with such a number of subjects.

The desire on the part of a number of specialists in the trade union movement—both theoreticians and practical workers—not to tolerate the destruction of branch inter-republic structures, appears to be fully justified. Without them, it is impossible to proceed. Why break up that which can fully be adapted to today's needs?

Thus we have the opinion expressed by S. Smirnov, chairman of the Committee for Legal Protection Work, Legislative Initiative and Resolution of Labor Conflicts of the "Soyuzmetall" Trade Union Center:

"A chief aspect in the work of any trade union will always be concern for the well-being of people, their wages and the adequacy of their "consumer basket." This requires knowledge of the principal tendencies affecting the living standards in all states having a single economic expanse on the territory of the former USSR and the development and implementation of recommendations, based upon such data, while carrying out joint operations throughout the entire expanse. In addition, a need exists for preventing a "scattering" in labor legislation among the republic-states, so as to ensure that no workers are adversely affected in any of them."

"Following acquisition by the territories of complete sovereignty, there will no doubt be a wave of new laws governing labor, vacation time and pension benefits being developed and adopted. And there will be those beyond the borders of a particular republic who will concern themselves with analyzing, recommending and defending the more progressive considerations. In short, based upon the operations of an inter-republic branch trade union organ, work must be carried out on draft laws and recommendations that directly affect the labor and social rights of citizens. Based upon all of this, a need will exist for creating a confederation structure that will include compact economic and legal services, a group of analysts concerned with protecting labor and the environment and also a press-service."

Such is the opinion of a lawyer. Obviously, it is not beyond question in all instances. But it is believed that the principal thought has been captured here—an inter-republic trade union organ, while representing the interests of the republic organizations in a coordinating economic committee, must be the center for analyzing the more important trends in the trade union movement and in the development of recommendations for the member organizations.

## CIVIL AVIATION

### Organizational Changes Explained to Readers 924A0058A Moscow VOZDUSHNYY TRANSPORT in Russian No 36, Aug 91 p 7

[Dialogue between Aeroflot beginner and oldtimer explaining the sector's "territorial" organization in response to VOZDUSHNYY TRANSPORT readers' questions, as reported by Yu. Ostapenko and B. Yuryev: "An Airport or an Aviation Detachment?"]

[Text]

[Beginner] You and I have visited many aviation detachments this year, talking with pilots and technicians, cargo movers and traffic controllers, and we have interviewed a considerable number of managers in the sector. The key questions in these discussions concerned the sector's property and future organization. Has it always been this way?

[Oldtimer] No, the question of property practically never arose, for everything—aircraft, air terminals, the land occupied by airports, the radio facilities, and so forth—belonged completely to the state, and it was incumbent upon workers to work, accumulating flying hours, adjusted units, and the ton-kilometers and passenger-kilometers agreed upon. Now, when the public has awakened under the conditions of economic reform (unprepared for the most part), labor collectives have begun speaking about their right to own equipment and ground facilities.

[Beginner] But it appears that they will not be enjoying this right very soon. After all, you and I prepared the article "Property—The Basis of Authority" (VOZDUSHNYY TRANSPORT No. 33) for publication, and judging by what was stated by Deputy Minister V. Kurilo, the organ of state administration—the ministry—will continue to own the sector's most important asset—the aircraft and their engines—for a long time.

[Oldtimer] Apparently. If we consider the prospect that airports will come under the jurisdiction of local authorities, the SMP (the fleet of aircraft and their engines) will not be claimed by the sector's basic operational unit—the unified aviation detachment—for a long time to come because of their high cost, uniqueness, and so forth.

[Beginner] What does "unified" mean, by the way, and what unifies an aviation detachment?

[Oldtimer] The concept of the unified aviation detachment (OAO) was developed in the late 1950's, when independent subunits—the flight detachment, the LERM (line maintenance and repair shop, the prototype of the current aircraft maintenance base), the airport, and other services were first combined into a single unit, the OAO. It is difficult to say what led to this decision: whether the GUGVF (Main Administration of the Civil

Air Fleet, the Ministry of Civil Aviation's predecessor) had too many facilities to manage, or whether the OAO in this form closely resembled the army structure—a regiment and division (it goes without saying that Aeroflot was considered a reserve army at that time), but the decision was made all the same, and I think it played a very positive role.

[Beginner] But some of the current aviation detachments are really gigantic, hard to manage, with little flexibility. The Moscow detachments, for example, Kurumoch in Samara, Borispol in Kiev, Tolmachevo in Novosibirsk, Koltsovo in Sverdlovsk, and others...

[Oldtimer] This probably became one of the reasons why the administration and large detachments made the transition to new entities—concerns, airlines, and trusts.

A production association was formed on the basis of the Mineralnye Vody OAO. The Ufa and Kazan detachments became airlines. And so forth.

[Beginner] But isn't this simply a change in masks? After all, everything is being looked upon in the old way at first glance. The same persons in the same offices. The same volume of operations, the old airways, the old aircraft. Only the masks are new.

[Oldtimer] And not only at first glance... But I think time is the important factor here. Both political motives (sovereignty, division) and purely economic motives (reluctance to give profit to someone else) may play a role here. So let us wait and see—we are present at the very beginning of the experiment.

[Beginner] Well, as far as the large detachments are concerned, I think they have a chance of survival under the strict market conditions. But what will happen to the small OAO's? Even managers in the sector are sidestepping this question in their statements. But when you visit the localities (Yaroslavl, Orel, Kaluga, and other airports), you sense the people's concerns about the future of their collectives.

[Oldtimer] A difficult question, and there is probably no one who has an unequivocal, comprehensive answer to it. This is why this question is being sidestepped.

[Beginner] But after all, the market is not far off—it has already arrived. It has arrived in the form of new prices for aircraft, spare parts, fuel, and new tariffs, it has arrived in the form of a refusal to conduct airborne chemical treatment operations in many oblasts, and in the form of the closure of airways for local routes. And as a consequence—a reduction of the volume of operations in detachments which are unprofitable even now, as well as a decline in earnings, which are not high as they are. Uncertainty about tomorrow is creating anxiety in the collectives, for the sword of Damocles has already been raised for enterprises operating at a loss.

[Oldtimer] I confess that I am also trying not to fly to small enterprises on official business these days; it is hard to watch the detachments equipped with only

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JPRS-UEA-91-039  
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An-2's or L-410's trying to survive. And they are establishing small enterprises to turn out chalk and sheepskin and to repair motor vehicles and country cottages in order to do this. And this applies to more than half of our detachments, you know.

[Beginner] Well, why were so many created? Why an aviation detachment, and not simply an airport? Perhaps my question is too naive, and it is apparent to all Aeroflot employees, but I cannot understand why there are several OAO's in one oblast. Tomsk Oblast, for example, has the Kolpashevo and Strezhevoy OAO's, and of course, the Tomsk OAO. Magadan Oblast has close to 10 altogether: Seymchan, Bilibino, Chaunskiy, Pevek, two in Magadan, and so forth. The residents of Bilibino, Chokurdakh, or Naryan-Mar do not need an aviation detachment as a structural unit at all, you know. They need an airport which can accommodate the aircraft of different airlines, and they need a ticket office, a hotel, and everything. Isn't that right?

[Oldtimer] That is the whole point—you are absolutely correct. The passenger does not really care whose aircraft flies out of Yakutsk—one belonging to Moscow, Kiev, or Yakutsk. Only that it flies according to schedule, and preferably without lines at the ticket counter.

[Beginner] So why didn't they release the funds needed to "develop" a new OAO at a new place for other purposes: to build decent air terminals, modern runways, and hotels for passengers?..

[Oldtimer] ...but they built a headquarters where numerous services were accommodated, with offices for the chiefs, waiting rooms, offices for the zamopoly [deputy commanders for political affairs], the partycommittees, and the trade union committees? They built housing for the pilots, engineers, and controllers invited from outside when there was not enough for those already working there before, right?

[Beginner] Exactly.

[Oldtimer] I don't know why "extension of the country's air service" ["aerofikatsiya"] was turned into "an increase in the number of detachments" ["otry-adizatsiya"]. But that is really what happened: wherever an airport was needed, a detachment was established right away. There are thousands of examples, even in the recent past. In Neryungri, a small city in southern Yakutia, activity was stepped up when coal deposits were opened there and the tracks of the little BAM [part of the Baykal-Amur Mainline] arrived. There was an increasing influx of people, the amount of activity increased, and air service was needed, naturally. Instead of the airport that was critically needed and which would have cost much less, they began establishing a detachment, which was many times more expensive. If there had been an airport, there would have been an air terminal next to a paved runway, a hotel, and everything, but since there was a detachment, they had their own aircraft, parking areas and repair facilities for them, and housing not only for the cargo handlers, but for their

pilots and engineers, and so forth. There were tremendous difficulties and hardships, and an overall housing shortage. And what is it like to maintain an airliner in readiness at temperatures of minus 50 degrees?

[Beginner] I don't think the Neryungri detachment will be extremely profitable, and I don't believe at all that the Ivanovo, Smolensk, and Vitebsk enterprises will make a profit. So what is to be done—eliminate them?

[Oldtimer] Eliminating the detachments—that would be terrible! That would be an incredible human tragedy. The people are not to blame because they were sent after graduation from their schools and institutes to Amderma, Balakovo, Kokchetav, Nukus or Yaroslavl. What is needed here, I think, is a state program for genuine air service development which would absorb the existing structures and transform them, taking the so-called human factor into account at the same time. Considerable time will be needed for this, and I know that the outlines of such a program are being worked out in the Ministry of Civil Aviation.

[Beginner] But after all, examples of entities that are "just" airports have been in public view: Sochi, Balkhash, and Anapa. The airport chief there is confronted with one problem: the passenger. As it should be. After all, Aeroflot was established for the passenger in the final analysis, not for itself. But in different detachments which I have had occasion to visit, the commander has more than enough to worry about: the huge collective (and this is nearly always about a thousand persons) demand the commander's full attention. There is no concern for passengers here.

I recently had occasion to read a collective contract for one of the detachments of the former Volga Administration; the passenger was not mentioned once on seven pages. It appears that the detachment is working for itself alone.

[Oldtimer] Yes, the unified aviation detachment appears to have outlived its usefulness as a structural unit in Aeroflot. And one of the ultimate objectives of the restructuring begun in our sector is to transform the OAO into a new entity. It is typical that this movement is under way from the top and from below. V. Gusev, the commander of the (profitable) Lvov Detachment, suggested to his unprofitable neighbors—the Ternopol, Rovno, Uzhgorod, and Ivano-Frankovsk detachments—many years ago that they combine their efforts and set up a kind of cooperative to serve passengers in the region more efficiently, to reduce management staffs, cut back on expenditures, and become profitable. But the administrative staff in the detachments had to be reduced for this...

[Beginner] Yes, the unified aviation detachment as a structure was a result of the command and administrative system: each oblast had to have "its own" detachment (and at times more than one), each republic had to have "its own" administration, and while the System has

been functioning, the territorial-administrative division of Aeroflot has been in effect as well.

[Oldtimer] But the time has now come for new decisions which Aeroflot cannot make alone.

[Beginner] What do you mean?

[Oldtimer] The position of local authorities and soviets is also important now. Tell me, why is concern for passengers in Norilsk Aeroflot's concern exclusively? After all, shouldn't the local authorities in Norilsk, Petropavlovsk, and Blagoveshchensk be concerned about conveniences for their fellow citizens and their voters? They should, and to no less an extent than Aeroflot is concerned. But in the meantime, they remain aloof from aviation problems, assuming that this is a departmental concern.

[Beginner] So we have come to the concept of municipalization.

[Oldtimer] Yes. The concept of municipal ownership was given a warm reception at first by the soviets, which assumed that the profit from airports would add to the soviets' meager treasuries, but later, after they encountered the actual problems of their airports, they quietly moved it aside.

[Beginner] Yes, I recall that the Moscow Soviet wanted to change the capital's airports into a kind of association. But it is likely that when the deputies left their deputies' rooms and walked through the airports' overcrowded, suffocating halls, the question of municipalizing the capital's airports was withdrawn. So the passengers have been left to face a department which does not have the means to renovate such giants as Domodedovo and Vnukovo.

[Oldtimer] I recall that G. Unichenko, the chief of the Anapa Airport, and I went to the city ispolkom once on private business. And at the end of the discussion the ispolkom deputy chairman said that about 2 weeks ago the ispolkom had decided that the Anapa Airport henceforth would be under the jurisdiction of the city soviet. The airport chief was extremely surprised that he had not been invited to this ispolkom session where such an important matter was decided. He was even more surprised that he was unaware of this for an entire 2 weeks, but since "the authority had been changed," he asked the new "boss" on the spot for 20 million rubles for the surveillance radar that was desperately needed. Now it was the deputy chairman's turn to be surprised. No, he said, ask the Ministry of Civil Aviation for the surveillance radar—we have only claimed the right to your profits. This is municipalization for you...

[Beginner] Today we have essentially revealed the questions which our readers, the aviators in the "small" enterprises who are uneasy about what will happen to them, are asking us. We have fulfilled their request to bring their concerns to the attention of the public at large. We would like the sector's managers to respond to

these questions. Let us make the problems of the "small" detachments the topic of our next discussion.

[Oldtimer] I agree, and I must bring this to our readers' attention.

#### Interview With Director of New Turkmen Air Company

924A0045A Moscow VOZDUSHNYY TRANSPORT  
in Russian No 41, Oct 91 p 5

[Interview with V.P. Smirnov, general director of the Turkmen airline "Turkmenavia," by VOZDUSHNYY TRANSPORT correspondent A. Larenok: "The Correct Course Has Been Taken"]

[Text] So one more airline—"Turkmenavia"—has been formed. This document may be considered historic for the sovereign republic. This agreement is named as follows: "On matters related to improvement in the system of managing air transportation in the Turkmen SSR and the powers and basic principles in relationships between the republic, the MGA SSSR [USSR Ministry of Civil Aviation] and the TUGA [Turkmen Administration of Civil Aviation]." Our correspondent met with V.P. Smirnov, general director of the "Turkmenavia" airline.

[Larenok] Valeriy Pavlovich, about a year ago there were no discussions about an airline. And now... Is this just a tribute to the latest fashion or a search for new forms of more efficient economic operation in the shift to the market?

[Smirnov] We were compelled by events to take this step. This may be confirmed by Article 2 of the agreement, which states in particular: "To provide for the establishment of the 'Turkmenavia' state airline in the procedure stipulated by law on the basis of the TUGA, utilizing various forms of ownership, with separation in it of independent structures: enterprises, flight-technical and airport complexes, branch and small enterprises, and detached and other facilities, with allotment for them by a current account."

[Larenok] Last year your collective ended up with good results in all indicators. The volume of operations and labor productivity were increased. The administration received over 30 million rubles in profit.

[Smirnov] But that was yesterday! Look at what is happening in the country... The old system is not working. The new one is taking its first steps. An avalanche of new laws, most of which are not in force, has come down on us, and it was very difficult for us at the beginning of the year. Supply deteriorated sharply, and more often than not the times for receiving new equipment have not been met. Proper attention is not being devoted to the periphery, and people have lost faith in the future. And why shouldn't they lose faith, especially the youth. Look at the conditions in which they are living and working! The situation has gotten to the point that we have to fly outside the republic for

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AKhR [possibly: airborne chemical treatment operations] with our own fuel because of the abrupt cutoff of aviation fuel deliveries. This is to Krasnodar, Grozny, and Kazakhstan! An An-2 has been standing idle for six months, waiting to be ferried after repair in Alma-Ata. The attitude toward such ferry flights at intermediate airports is awful. The crews are suffering. The young pilots are earning less than a trolleybus driver. We had to find a way out of this difficult situation, and I think we have found it.

[Larenok] The agreement emphasizes that the airline is part of the country's civil aviation system and the national complex of the Turkmen SSR. It is clear with respect to the unified transport system, but what is entailed in the organic ties with the republic?

[Smirnov] The republic's leaders see that the administration is not being developed at the pace it should be and that the results of our work go beyond the borders of Turkmenistan. But help from the Ministry of Civil Aviation is next to nothing: over the past 15 years we received half of the funds needed to build an air terminal complex. But we can earn the money if our hands are not tied, that is, if we receive more independence. There have been many offers from other countries: Poland is interested in our fruits and vegetables, and Iran and India are offering profitable transactions. It was impossible until recently to establish close ties independently with other countries. It is another matter now. The agreement (Article 13) openly states: "To grant the right of foreign economic activity." And we will engage in this activity more successfully the sooner we begin building the second VPP [runway] (thereby relieving the Tashkent Airport as well). The president of the republic has given the "OK" to plan the second runway and the international section. Once again the question turns on the funds: the Government of Turkmenistan is not refusing to give us money, although it cannot assume all the expenses at this time; we need the shared participation of the Ministry of Civil Aviation for this reason.

[Larenok] The agreement states that there will be "a transfer of part of the All-Union property from the Ministry of Civil Aviation to the administration and enterprises which are part of it."

[Smirnov] In the first stage, they will transfer to our ownership aircraft of the third and fourth classes. They were paid for a long time ago, and it is time to put an end to the amortization deductions for their operation. But when we are standing firmly on our feet, we will see...

[Larenok] The establishment of an airline calls for a drastic change in the structure of management, as well as the administrative staff itself. How is this being accomplished?

[Smirnov] Let us begin with the chief of the administration. There will not be one in the previous capacity. Under the agreement, the airline is headed by a general director. He is the "plenipotentiary representative of the

Turkmen SSR in the central organ of USSR civil aviation. He is appointed on a contract basis." Further. The airline's board of directors will be half the size of the previous staff. We are now transferring some of our specialists to complexes (associations)—the flight-technical and airport complexes. In the first case we will combine the cockpit personnel with the ITS [engineering and technical service], which will decide independently how to assign the fleet of airplanes and helicopters and to seek out work, that is, to conduct independent economic activity. As far as the airport complex is concerned, we will apparently proceed here in this way: in place of our five base airports (Ashkhabad, Chardzhou, Krasnovodsk, Mary, and Tashauz) we will establish three—Tsentrallyy, Zapadnyy, and Severnyy. So we have four main directions today: establishment of associations of airports to perform sectorial tasks and resolve local problems, an association of transport aviation, an association of helicopter subunits, and an association of small aircraft. The TsAVS [Central Passenger Ticketing Agency] will become an independent subunit attached to the airline. The Ashkhabad Aviation Enterprise has been revitalized. We are establishing a central organ for supply and centralized personnel training.

[Larenok] A new aircraft has made its appearance in the skies of Turkmenistan—the comfortable Yak-42. Is this the first one?..

[Smirnov] The first and long-awaited one! We have waited eight years for it to arrive. In 1983, when the Ministry of Civil Aviation promised to deliver this aircraft to us, we trained the number of crews needed and the engineers and technicians needed to maintain the new aircraft and.... We waited! Establishment of the airline put an end to our waiting: the republic granted us credit, and we purchased the first aircraft. We are buying another two airliners by the end of the year.

[Larenok] Will the opening of a branch of the "Aeroflot" commercial shareholding bank in Ashkhabad promote considerable economic independence as well?

[Smirnov] Of course!

[Larenok] Well good luck, as they say!

[Smirnov] Thank you!

#### Runway Improvements Sought for Smaller Airports

924A0045B Moscow VOZDUSHNYY TRANSPORT  
in Russian No 41, Oct 91 p 7

[Report by VOZDUSHNYY TRANSPORT correspondent A. Larenok: "We Need Paved Runways"]

[Text] Ishkashim—At the airports for local air routes in Tajikistan, where the runways are unimproved, it is exceptionally quiet; because of the lack of aviation gasoline, the An-2 aircraft are not flying, and only medical flights are being made. This year, with the rains

even during the summer months, which is unusual for the republic (the scientists assume that this is a result of the tragic events in the Persian Gulf region), the advantages of a paved runway have become particularly apparent.

While the number of passengers departing the Garm, Khorog, Dzhirgatal, Murgab, and other airports with paved runways over the past eight months was substantially more than the number planned, the number of persons leaving airports such as Tadzhikabad, Ishkashim, Sagirdasht, and Tavildara was much smaller. Only 49 percent of the target for passenger departures from Ishkashim Airport was met, for example.

"Our airport is the farthest south in our republic," D. Chorshanbeyev, the chief of this airport, said. "It is situated at an elevation of 2,500 meters (only Murgab, at 3,650 meters above sea level, is higher than we are), and like other airports in the Gorno-Badakhshan Autonomous Oblast, it is linked with other cities in Tajikistan only by air. The situation would be completely different if we had a paved runway. Then instead of An-2 aircraft, the spacious and comfortable An-28, which uses aviation kerosene instead of aviation gasoline, which is in shorter supply, could fly here. This aircraft cannot fly here now; you see, the airfield is littered with gravel [sheyun], which is disastrous for turboprop engines. Unfortunately, construction of a paved runway (by general contractor DSU-8 [road building administration No. 8]) is proceeding poorly because of the lack of central resources. Meanwhile, according to the plan of measures to implement the Tajik SSR Council of Ministers decree No. 368 of 26 December 1984 'On improving passenger service at airports for local air routes and further improving the MVL [presumably: facilities] for civil aviation in Tajikistan,' this runway should have been put into service four years ago! The project will not be completed this year, either, although the USSR Ministry of Civil Aviation has allocated 300,000 rubles [R] especially for this construction. The Gorno-Badakhshan Autonomous Oblast has R65,000, but no less than R200,000 more are needed. However, the funds allocated are not being utilized satisfactorily because of the lack of bitumen, and natural disasters such as earthquakes, avalanches, and so forth led to unforeseen corrections."

The local authorities and the Tajik Administration are exerting every effort to see that the pace of construction proceeds more smoothly and that a reliable air bridge is finally opened between the mountainous rayon center, which is nearly inaccessible, and other airports.

**Hypersonic Flight Prospects Examined**  
924A0045C Moscow VOZDUSHNYY TRANSPORT  
in Russian No 41, Oct 91 p 11

[Article by Ye. Ternovoy, candidate of economic sciences: "The Hypersonic Aircraft: Will We Be in the Forefront?"]

[Text] The path being followed in the peaceful development of aviation may be characterized briefly by the popular expression—higher, farther, faster. The next logical step on this path should be to master the hypersonic range, that is, speeds from Mach 5 to 25 at suborbital altitudes of 30 kilometers or more and accordingly, over global distances. It is like a bridge between aviation and space flight.

The technologies developed in the course of research and studies on hypersonic flight are the key to further progress in the aerospace industry. U.S. President Bush, a former military pilot, has called the American hypersonic program one of the country's five most important scientific and technical initiatives being supported at the government level. For this reason, it is not incidental that the world's leading aviation powers have announced or are intensively preparing national hypersonic research programs. Studies such as this are under way in our country as well.

According to a report in the St. Petersburg newspaper CHAS PIK, Vladimir Frayshtadt, an engineer from the city on the Neva [River] who is the general designer and engineer for the "Neva" SKB [Special Design Bureau], has come close to developing an aircraft with unique features: The civil version of this aircraft will be able to fly at speeds of up to 12,000 kilometers per hour and cover a distance of about 19,000 kilometers without refueling. Several prototype working modules of the craft are expected to be launched in 1993 from the Kapustin Yar Spaceport.

So a Soviet engineer, it seems, has taken the lead over his Western colleagues, including the Americans, in what may be described without exaggeration as the most complex field in the aerospace industry. (It is common knowledge that the United States' national program to develop the X-30 hypersonic aerospace vehicle, announced in 1986 by President Reagan, calls for the first prototype flights only at the end of the current decade. In the FRG, the "Zenger" prototype in the hypersonic program, which has more modest features, should be flying in roughly seven to nine years. In other countries, practical results in this field may be obtained only in the next decade.)

Moreover, Frayshtadt believes that the work being done by his collective goes much further—development not only of a high-speed aircraft, but one with outstanding energy-producing characteristics. The main problem which has been resolved by the "Neva" SKB is how to utilize the tremendous heat flows which are generated as the craft flies through the atmosphere at hypersonic speed. Efforts by Soviet and foreign designers thus far have been concentrated on insulating the aircraft from this enormous amount of energy. Frayshtadt decided to make use of it.

It is as if his aircraft had two fuselages, one enclosed within the other; between them is a special catalyst, where the flow of the traditional aviation kerosene

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enters. When the aircraft flies in the atmosphere at hypersonic speed, there is a thermochemical breakdown of the kerosene under the influence of the high temperatures. The process collects so much energy that the temperature of the reactor itself is raised no higher than 800 to 850 degrees (instead of 1,500 to 2,500 degrees). The cooling effect is tremendous. As an illustration: if the Chernobyl reactor that exploded in 1986 could have been cooled by this method, the work would have been completed in two or three hours.

But that is not all. As the result of the kerosene's thermochemical breakdown, free hydrogen is given off. In the blend with the kerosene, it forms a very efficient hydrocarbon fuel for the aircraft. It can be used not only for propulsion, but to obtain electrical power. In the process, the capacity generated by the onboard source is roughly 100 megawatts—like a power station on the ground. The work by Fraystadt's SKB makes it possible to "arm" the hypersonic aircraft with a powerful laser device capable of "mending holes in the ozone."

All the same, despite the achievements of Soviet scientists and engineers in this field, there are serious apprehensions that practical realization of their ideas may be drawn out for a long time. And primarily because the work done by the St. Petersburg team is causing veterans of the Soviet aerospace industry to become extremely irritated; they look upon the "Neva" collective as an undesirable competitor.

We are making use of the press to reach a wide audience, to express our grave concern over the loss of our position in the forefront of aircraft manufacturing, a loss which is continuing at an accelerated pace; this is a field in which the pace of technical process is not measured in years, but months. In this situation, we consider it necessary to draw the attention of the new leadership of Russia to the problems of aircraft manufacturing, particularly the problems that affect the development of promising high-speed aircraft.

In our opinion, announcement of a national program to develop a hypersonic aerospace craft would be an effective means of stimulating work on the most advanced aviation equipment.

We believe that if such a program is adopted, it would be necessary to provide for competitive bidding for state financing, with the participation not only of the KB [design bureaus] mentioned previously, but similar ones in the "Molniya" NPO [Scientific Production Association], as well as the collectives of nontraditional structures such as the "Neva" SKB headed by Fraystadt, for example.

## MOTOR VEHICLES, HIGHWAYS

## Tire Cord Plant Faces Closure Because of Steel Shortage

PM1110080191 Moscow Russian Television Network in Russian 2100 GMT 4 Oct 91

[From the "Vesti" newscast: Report by V. Shmelev and S. Dyakonov, identified by caption; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[Text] [210728] [Announcer] Now to turn to industry. Its problems have been greatly exacerbated by the collapse of the Union and the breakdown of interrepublic ties. Our correspondent reports from Orel, where a major plant is facing the threat of closure.

[Shmelev] One-third of the country's production of metal cord is manufactured at the Omsk Steel Mill. But now the 2,000-strong collective are looking for new jobs. This is the fourth month now that the Belorussian Metallurgical Plant, in violation of interrepublic economic agreements, has failed to supply Orel with raw materials for its main production. [Video shows V.A. Tyulyakov, deputy director of the Omsk Steel Mill, identified by caption]

[Tyulyakov] The critical situation at the plant virtually forces me to appeal to the Russian Government by way of the Ministry of Metallurgy. We're just not able to solve this problem.

[Shmelev] The problem needs to be solved, and fast. The Nizhnekamsk Tire Plant is virtually at a standstill, and a number of similar enterprises may find themselves in the same situation very soon. That's the rather downbeat news from the Orel Steel Mill. Vladimir Shmelev reporting. [210827]

## RAIL SYSTEMS

## Railway Management Structure Questioned

924A0024A Moscow GUDOK in Russian 17 Sep 91 p 1

[Article by L. Kizilova: "Trains Are Running to Moldova"]

[Text] It is impossible to ensure the normal work of all the regions, of all the republics without unified central management of railroad transport—this was the main idea of two interviews published recently on the pages of GUDOK (V. Shatayev, chief of the Passenger Main Administration, and V. Butko, deputy minister). Life did not take long to present an unusual, critical situation, in which the truth of this statement was confirmed. Whether the adherents of centrifugal forces want this or not—we are still bound by common economic ties, common life-supporting arteries—the railroads. A "blood clot" formed in one of these arteries can affect the "general health" of the entire organism. Moldova is an example of this.

Events formed in such a way that literally a day after the aforementioned interview with the GUDOK correspondent, Valeriy Nikolayevich Butko was forced to make an urgent trip to this republic. As we know, two of the four railroad junctions of the Moldavian Railroad found themselves blocked. Let us leave the political aspects of the situation aside. We will consider only the transport conditions that formed during these days on the Moldavian Railroad because of these events.

Let us note immediately: as a result of the blocking of movement through Sloboska and Tiraspol-Bendery, the road's throughput capacity was reduced by 75 percent. What does this mean? It was impossible to pass all the consists directed toward Moldova and in the opposite direction through the two remaining junctions (by the Mogilev-Podolsk and Bessarabskaya stations. For this reason, abandoned trains began to pile up on the Odessa and Southwestern roads. Whereas previously, 90-95 freight trains had gone to Moldova daily, their number was now reduced to 20.

You see, the harvesting of the fruit and vegetable crops in the republic was at its height, and even school children and students had been drawn into the work. In order to keep the fruit and vegetable products gathered from being lost (and 85 percent of them, incidentally, were to be sent to Moscow and Leningrad), empty refrigerator cars had to be sent to the road.

Grain carriers had to be sent to the republic to remove import grain from the Port of Reni.

There was an urgent and acute need to deliver petroleum freight to the region to provide agricultural (indeed, and other) equipment with fuel.

Recognizing the importance of these tasks and taking into consideration the extreme nature of the situation, the MPS [Ministry of Railways] was forced to make a decision on immediately sending its representative to the republic to make an on-the-spot evaluation of the situation that had formed with train traffic—and not only to evaluate, but also to suggest what to do.

"When unusual situations like this happen—strikes, blocking the lines, etc.—the decision is usually made to discontinue (or sharply cut back) the car flow," says V. Butko. "In these cases there is a restriction in the loading of mass freight, which includes fuel, and the delivery of empty railcars also comes to a halt—which is what happened."

The deputy minister worked in close interaction with the management of the Moldavian Railroad. Having discussed the situation with V. Muravskiy, prime minister of Moldova, he encountered complete mutual understanding and a sober, businesslike approach.

It was decided to increase the amount of traffic through the two functioning junctions—through Mogilev-Podolsk and Bessarabskaya—in order to ensure delivery of fuel, empty refrigerator cars and grain carriers to the republic.

In conjunction with the management of the Moldavian Railroad and the Traffic Main Administration of the MPS, measures were taken to reduce passenger traffic through the functioning junctions: suburban train running was restricted and international trains were switched to the Southwestern Railroad.

An appeal was made to the directors of the Southwestern, Odessa, Southern, Lvov and Belorussian roads to give priority to petroleum freight traffic. All the decisions were carried out on the basis of the operations situation on the road network—traffic was coordinated through the MPS.

The assigned task was fulfilled. Not all the abandoned trains could be passed through, of course, but the priority consists went through. For example, Moldova began to receive 100-150 cars a day each from Russia and the Ukraine.

Could the priority problems have been efficiently solved without the participation of the Center? The deputy minister thinks not, they could not have been. The first deputy chief of the Moldavian Railroad is of the same opinion.

Of course, the situation in the republic was tense, passions were white-hot, as they are, by the way, throughout the country. All the same, as Valeriy Nikolayevich said, when associating with the directors of all the roads mentioned, he met with understanding, and his orders were fulfilled—this was, after all, in the common interest.

They did not, however, manage without a show of regionalism. L. Zheleznyak, first deputy chief of the Southwestern Railroad, at first refused to fulfill the decision to provide the delivery of bulk freight on his road, despite the overall strategy worked out for a number of roads: we will supply the bulk freight, he said, but the abandoned trains can stand there.

Incidentally, the allusion was to the abandoned trains for which the Southwestern Road was overdue in making an independent operations decision. In the end, an agreement was reached with the management of the Southwestern Railroad. This was the only case of lack of understanding between the Center and the roads. The directors of certain other mainlines, however—the Odessa, for example—came to our aid, even somewhat waiving their own interests.

The two junctions, as before, are blocked, and the train traffic difficulties remain. The decisions adopted by the MPS in conjunction with the directors of the Moldavian and adjacent roads, however, make it possible to sustain the vital activity of the national economy in this region.

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**Conference on Railway's Preparations for Winter**  
*924A0024B Moscow GUDOK in Russian 17 Sep 91 p 2*

[Article by N. Pugikov: "Act Decisively"]

[Text] On Friday the MPS held a selector conference on preparing the transport industry for work under winter conditions. The conference was conducted by V. Ginko, first deputy minister of Railways.

Weather forecasters are predicting a winter five degrees colder than the last one. This is on the average, but God alone knows, as they say, the specific type of weather expected in the regions. We must therefore be prepared for severe trials.

Unfortunately, there are more than enough grounds for anxiety. The operations situation is alarming. While in preceding years at this time work as a rule improved because of the fact that after the intense passenger peak, the time was favorable for action, with the conditions of released throughput potentials and widescale shunting of locomotives and the car fleet, there is now no enthusiasm for this. Moreover, even the meager, or as Vladimir Nikolayevich Ginko expressed it, "unfortunate September plan" is not being fulfilled.

The point lies not only in the fact that there is no freight to transport, and that certain directors are trying to cover up their own imperfections, but also in the deterioration of operations activity organization. Let us say, on the day preceding the selector conference, the roads failed to deliver almost 20,000 loaded railcars alone (according to the norm of the technical plan). Among those failing to cope with the assignment were the October, Belorussian, Gorkiy, Odessa, Southern, Tselino and Alma-Ata. The latter, incidentally, is doing very poor work right now. The September debt as a whole for the network for unloading was about 2 million tons!

It would appear, that since we are carrying less, more attention should be paid to qualitative indicators. Here too, it can be said, that the situation is hopeless. Compared with last year, the railcar turnover has worsened by almost two hours. The idle time of railcars for loading operations has risen. For many years the network has been striving to reduce this indicator, there was a struggle to save minutes, and here in eight months, almost an hour has been added! Locomotive productivity has dropped, and the average train weight has been reduced. The passenger train travel schedule has worsened by one percent, and for freight trains—by 2.2 percent.

So, can we, without taking energetic measures, be sure of reliable work in winter, if things are not going too well right now? It is also appropriate to remember that even in the relatively light winter of last year, there were many interruptions. A number of roads, particularly the West Kazakhstan, Tselino and Lvov, disrupted the established assignments. Railcars moved slowly at the extremely

important classifying stations of the South Urals, Kuybyshev and October roads. Even mild snowstorms put switch assemblies out of operation on the October, Gorkiy, Northern, West Siberian, Far East and other roads. Some of them were also again among those who at this conference were named as having failed to fulfill the necessary list of measures to prepare for cold weather.

In connection with this, the transshipment of potatoes through Brest is causing anxiety. Initially, 600,000 tons of the "second bread" were to be transported. Now it has become known that another 200,000 tons were procured. If the roads which are tied with the Belorussian road in solving this problem, however, carry out their assignments unsatisfactorily, as before, the potatoes will not get to the consumers quickly, and this must not be tolerated.

Claims were made by the Tselino, Alma-Ata, Krasnoyarsk and Azerbaijan roads that the condition of the tracks was improving only slowly. Here, the average repair of station tracks was only 15-25 percent carried out. In Kaptaly and Chelyabinsk-Glavny of the South Urals Road, with the plan respectively 2.2 and 8 kilometers, only 500 meters and 2 kilometers of station track were managed in the entire summer.

The repair of the snow removal equipment of permanent way sections of track, and of railcar and locomotive depots is lagging behind. Of 235 type SM-2 machines, so far 198 have been readied for work, and of 450 snow plows—320.

And the air blowers for the switches? It would seem that the sphere of use of this excellent device for making the labor of the railroad workers easier would expand rapidly. Oh, no. The October Road, mentioned more than once at this conference, by no means with praise, is also among those where the air blower is paid insufficient attention. The switches at Kartaly, and at the Altay Station on the West Siberian Road are not equipped with one.

For three years now, the Moscow Road has had no trouble with the switch assemblies. Even in bad weather they work faultlessly, due to the fact that here the duty of taking care of them is precisely assigned. The roads know about this experience, but are in no hurry to imitate it, even though no material expenditures are required here.

Paramount attention, it was emphasized at the conference, should be directed toward the first winter residents, to creating good everyday conditions for the workers, organizing places for getting warm, providing hot food and special clothing. Preparing the housing and municipal services for the cold should be taken under strict control. On a number of roads this work has been finished, but there are some where it is still far from completion, and moreover, on roads where winter comes daily—on the East Siberian, Sverdlovsk and Gorkiy.

"There are still many shortcomings," said V. Ginko in conclusion. "But there is still time to put things right. We

must act decisively, precisely and professionally. Otherwise we will put the country in a bad spot. Too much depends on the railroad workers to let things slide along. We must seek a solution to the problems, aiming at fulfillment of our main task—everything that has been produced must be transported!"

### Specialists Plea to Country's Leaders on Rail Management

924A0024C Moscow GUDOK in Russian 19 Sep 91 p 1

[“The Appeal of Scientists to the Public and Leaders of the Country”]

[Text] Profound anxiety concerning the possible consequences of decentralization and division of USSR railroad transport among the republics arouses us, railroad transport scientists and specialists, to appeal through the newspaper to public opinion and to the highest political and economic leaders of the sovereign states of the Union.

The country's network of mainline railroads was formed as a unified technical and economic complex. This complex is today working under great tension, caused by the extremely worn-out technical base, inadequate transport power reserves and critical shortage of technical devices and materials. Dividing the unified complex of railroads into 15 independent formations with "their own" technical base and their own fleet of rolling stock will lead to the need to have the cooperation at state borders of over 100 (!) railroad border junction-barriers to passenger and freight flows. They will complicate to the extreme the already difficult tasks of routing transport, regulating railcar flows and providing loading resources for interstate and inter-republic transport—particularly of energy, timber and ore-metallurgical freight.

Further serious difficulties will arise in ensuring repair and maintaining the basic technical devices, since the repair base of railroad transport and the facilities to produce rails, ties and rolling stock are located disproportionately throughout the republics. Under the conditions of the critical shortage, the lack of a centralized economic management for the entire railroad network will intensify even more the disproportions in the condition and development of technical devices.

The centralization of management in operations work is aimed at making the transport processes uniform. Autonomous systems will knowingly raise the level of traffic non-uniformity, and this will be difficult to cancel out because many important mainlines lack the transport capacity reserves necessary for this.

For an extremely important national economic complex—mainline railroad transport—to function normally, it is vitally necessary to have a unified system of economic and operations management, based on the interests of the sovereign republics.

In any case, with any decisions to change the system of railroad transport management existing today for a unified central interstate (inter-republic) organ of administration, the following functions must be retained as a minimum:

- planning interstate transport of freight and passengers;
- drawing up and putting into effect normative documents on the organization of operations work;
- efficient management of railroad network operations;
- carrying out a tariff policy and distributing revenues (interstate transport);
- following an investment policy in the interests of fellowship and creating resources and reserves for railroad carrying capacity;
- working out and putting into practice a unified technical policy, including the norms and systems for ensuring traffic safety;
- regulating the use of the repair production base and scarce technical resources in the interest of ensuring the efficiency of the railroad network;
- organizing scientific research for the purpose of the scientific-technical progress of the fellowship of railroads.

We also appeal to the political leadership of the fellowship and independent sovereign states with urgent advice—do not destroy the centralized railroad complex, retain the present Union Ministry of Railways—at least for the coming complicated fall-winter period of 1991-1992. Subsequently, a unified interstate organ of railroad transport management of the fellowship should be created on the basis of the MPS. This is in the common interests of all the sovereign republics forming a unified economic expanse.

Appeal signed by: **I. Belov**, doctor of Economic Sciences, professor of Moscow Institute of Railroad Transport Engineers [MIIZhT], **Yu. Dyakov**, doctor of Technical Sciences, professor of MIIZhT, **V. Kuzmich**, head of the department of MIIZhT, doctor of Technical Sciences, **A. Demchenko**, head of the All-Union Correspondence Institute of Railroad Transport Engineers [VZIIZhT], doctor of Technical Sciences, professor, **V. Kozlov**, head of the department of VZIIZhT, doctor of Technical Sciences, **N. Fufryanskiy**, doctor of Technical Sciences, professor of VZIIZhT, **A. Lisitsyn**, director of the All-Union Scientific Research Institute of Railroad Transport [VNIIZhT], doctor of Technical Sciences, **V. Buyatsov**, head of the division of VNIIZhT, doctor of Technical Sciences, professor, and **S. Rezer**, chief of the Department of Transport of the All-Union Institute of Scientific and Technical Information of the AN SSSR, doctor of Technical Sciences, professor.

**Railway Support to Harvest Examined****Sugar Deliveries**924A0064A Moscow *GUDOK* in Russian 20 Sep 91 p 1

[Article by A. Mudrakov: "There Are Still Only Prospects For Sugar"]

[Text] Kharkov—The sugar-beet harvesting work began a week later than normal in the Ukraine's eastern oblasts; accordingly, the Southern Railroad's workers, who were immediately among those lagging behind, joined late in transporting the sweet root: They began to calculate the shipping plan—445 railcars of sugar beets a day—from the beginning of the month but the first tons of produce actually arrived at the station on 6-7 September—and, moreover, in small helpings. Nevertheless, the southerners had begun to make up the shortfall by the middle of the month.

On 16 September, 170,000 tons of sugar beets were transported. This corresponds to 13 plan work days. The good preparation of the rolling stock and the accurate organization of its supply had an effect. At the time the harvesting was underway at full force, the railroad personnel worked effectively, delivering the required amount of rolling stock to the sugar-beet receiving points. A total of 43 "revolving-doors" consisting of 830 railcars went into action right away.

The transport routes are rather traditional this year. The major portion of the freight is being distributed to sugar factories located on the railroad's territory. On the map, this is a square with corners in Poltava, Sumy, Belgorod, and Lozovaya. Another square, however, has appeared—much bigger in size. Part of the freight is going to the North Caucasus, Odessa, Southwestern, and Lvov railroads. This is linked to the fact that the sugar-beet harvest has fallen in the Ukraine's western and southern parts due to weather conditions and the capacities for processing it are large there. It was decided to share the sweet root with our neighbors.

According to forecasts, it will be necessary to transport approximately 4.5 million tons of sugar beets, all told. V. Karasik, general director of the Kharkovsakhar Association, thinks that the amount is not large. The yield is lower than normal; in turn, the sugar content is several-fold higher. Thus, the prospects for sugar are good and much now depends on the railroad workers.

The greatest amount of loading operations is falling today on the stations of Shevchenkovo, Likhachevo, Gadyach, and Belyayevka. Even at them, however, there are no large accumulations of produce because of the railroad workers' endeavors. The hope has appeared that harvesting will take place without losses for the first time in many years.

There is a harvest—does this mean that we will have sugar? This is still unknown. There are no doubts now that a significant portion of the sugar will be dispersed to

kolkhozes, sovkhozes and enterprises that have concluded barter deals with the sugar plants. The Ukraine's Cabinet of Ministers has issued instructions in accordance with which calculation incentives have been determined in real sugar for almost all participants in the harvest. "Almost"—because the railroads workers are not mentioned in them. Sugar will arrive in the stores of the worker supply department as before—in a centralized manner according to purchase orders. However, there is no great hope regarding this source. Moreover, underdeliveries of the product to the state are even allegedly being planned for. The Ukraine's government is planning to purchase sugar abroad for the state granaries. Businessmen are really meeting the sugar beet fully armed. Several special sugar exchanges, which are ready to distribute the product and extract a profit from this, have already been established. Thus, sugar beets are moving and they are giving way to them. However, there is only beet equalization—with much still unknown.

**Potato Deliveries**924A0064B Moscow *GUDOK* in Russian 20 Sep 91 p 1

[Article by A. Yudanov: "One Should Not Remain Without Potatoes"]

[Text] Nizhny Novgorod—Ninety railcars with potatoes remain unloaded on the sidings of the capital's fruit and vegetable bases. This, of course, is bad. However, twofold more have not been unloaded in Nizhny Novgorod—184. Perhaps the inhabitants of the city on the Volga do not require a "second loaf?" The whole point is that there are not enough potatoes on the counters and there are long lines for them: The people are trying to stock up for the long winter.

I visited the large base No 1 in Avtozavodskiy Rayon. Only 7,000 of the planned 14,000 tons have been put into storage and are for sale here. A total of 104 railcars—two consists—are standing idle on the enterprise's sidings awaiting unloading. Another 30 covered railcars loaded with this freight are on the approaches. Having a comparatively large unloading frontage (for 15 railcars), the base frees only five per day. If this rate is maintained, the unloading will take a month—until the arrival of frost.

T. Shigayeva, chief of the base, gives preference to motor transport during unloading. Railcars stand idle for up to 40 hours and more instead of 3 hours and 10 minutes; others—up to five days. Enormous loading resources are being lost.

People are short everywhere in the bases. The motor vehicle works came to the rescue during past years but it is providing little help now. The enterprise has already stocked more than 5,000 tons of tubers in serving facilities for its workers—at moderate prices. Thus, there is seemingly nothing for the motor works people to do at the base. However, even those enterprises, where a large requirement for potatoes exists, are providing few people or none at all.

The bases would be able to get out of this situation if they had sufficient unloading equipment in good repair, in particular, truck and electric loaders and conveyor belts. At the mentioned base, for example, only 40 of the more than 60 loaders available operate in the best of cases. The old equipment, which is at death's door, often breaks down and there is no one to repair it. On the eve of the vegetable procurement, there was an agreement with the motor vehicle works and other enterprises that they would send metalworkers to help repair equipment during the harvest work. A special Avtozavodskiy Rayispolkom decree stipulated this. However, the rayon's enterprises ignored the agreement and the decision of the local authorities. They, including the agricultural administration and the obispolkom, are displaying complete indifference towards the use of the scarce covered railcars that have been converted into warehouses on wheels.

The station workers in Nizhny Novgorod and Dzerzhinsk have turned to soviet agencies with a suggestion to close the numerous paper-creating offices and NII [scientific research institutes] for two-three days and send the people to unload the railcars; otherwise, the harvest, which has been grown, could rot on the sidings. According to the forecasts of weathermen, frost is just about to strike in the central Volga region. This will aggravate even more the situation—bad enough as it is—regarding the procurement of potatoes and the unloading of railcars.

#### Railroad Electricity Shortages Cited

924A0063A Moscow GUDOK in Russian 20 Sep 91 p 2

[Article by A. Durov, GUDOK correspondent; "There Is A Shortage Of Megawatts in the Country"]

[Text] Chita—In November of last year, GUDOK published a report from Chita entitled "Soviet Power Minus Electrification" concerning the acute shortage of electrical energy in the Transbaykal area and how this is affecting the work of the railroad. What has changed since then? If one were to speak briefly—it has become even worse! The details are below.

As before, Russia's east is in the clutches of a power shortage. The maritime area and Khabarovsk Kray lack the types of coal required by the furnaces of existing power stations. However, it is just the opposite in the Transbaykal area—there are few power stations and large fuel and energy resources available. The ears of past mistakes in the planning of state agencies protrude from this dangerous imbalance.

Chita Oblast is actually in a state of siege. Here, each inhabitant consumes 2.5-fold less electrical energy than the average for Siberia and the Far East. The development of the economy and the social area has frozen: Empty boxes of multistory dwellings stand stagnant because there is no heat and electrical power.

The oblast's rayons and city blocks will remain without energy. Then, each Chita inhabitant will live using candles and kerosene lamps for an average of two and half hours a day. Chitaenergo dispatchers have frequently been forced to shut off electrical power suddenly in order to prevent a catastrophic cascade of accidents in the power system, inflicting great losses on the oblast's economy. However, these losses would have been immeasurably greater if there had been a cascade of accidents. This year alone, losses have already reached approximately 20 million rubles.

People are at times exposed to danger; for example, a cage carrying miners became wedged in a Vershina Darasuna Mine shaft because the electrical power was suddenly shut off. Fortunately, there were no victims.

How did such a preposterous situation arise with the planned nature of our development? It was able to arise only with it and thanks to it. The last time that new generating capacities were commissioned in Chita was 17 years ago, and electrical consumption has grown 3.5-fold since then. However, not a single additional megawatt has appeared in the Chitaenergo system. They purchased it from neighboring regions while they could. They have relied very much on the Kharanorskaya GRES [state regional electric power station] which they began to build in 1976. Its first power-generating unit should have provided current six years ago, but this will only happen next year. The station itself, however, will use almost all of the electrical power at first. Thus, Chita inhabitants will blow out the candles during winter only in 1993.

What about the oblast's largest consumer of electrical energy—the Transbaykal Railroad? Valeriy Pavlovich Kikot, deputy chief of the power supply service, talks about this.

"The shortage of electrical energy was 500 megawatts last winter. We used diesel locomotives for half the trains on the electrified section from Shilka to Chernyshevsk, just as during the previous winter. We shifted to electric traction when the hot weather arrived. Now, for the first time, they have limited our power consumption in the summer during the morning maximum load—that is, the power shortage has intensified.

"Nevertheless, we, of course, operate trains but we pay enormous fines for the over-expenditure of electrical energy. These come to millions of rubles during a year. Generally speaking, our relations with the Chitaenergo association have become very complicated. The power producers are behaving more and more strictly. The talk comes down to contract prices ever more frequently and these have grown 2.5-fold according to the price-list. Even the Chita Oblispolkom increased them in connection with the shortage.

"The railroad now pays fourfold more than at the beginning of the year for one kilowatt—88 kopeks. A rapid river of inflation is beginning from the kopek

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rivulets that are raising the fees for kilowatts of electrical energy; tons of coal, oil and metal; and cubic meters of wood.

"The prices for the products of the economy's basic branches are so interconnected that, in my view, the state will not have the right to 'let them grow'—even to a small degree—before the establishment of a market infrastructure. You see, the uncontrolled price race began here. Now, a struggle for survival is already underway. It has a cruel logic. The consumer, the passenger—that is, you and I—always comes out last in this struggle of the branches and enterprises."

Yes, a "wild" market has already begun. According to its laws, they say that supply should at some time equal demand. Then, prices will arrive at a relative equilibrium. This battle of demand and supply, however, is taking place on the field of human life. There will be many victims.

True, however, a hope has appeared that workers in the basic branches have begun to understand the hopelessness and destructive nature of opposing each other. Coal-miners, power specialists, transport workers, atomic scientists, and petrochemical workers are establishing something like a coordinating council. It is not clear, however, on what they will succeed in coming to an agreement. The Chita power engineering specialists still do not want to understand the railroad workers.

V. Kikot says: "After the issuing of the RSFSR Supreme Soviet decree that permitted enterprises to sell 10 percent of their products at contract prices, Chitaenergo imposed a condition on the Transbaykal Railroad during a meeting in the obispolkom: Pay for part of the electrical energy with hard currency or imported consumer goods because, they said, it is forbidden to sell electrical energy abroad and the railroad makes numerous barter deals."

This is already using one's monopoly position for mercenary ends. However, the railroad is also engaged in this. Anti-monopoly legislation should have the final word here.

Generally speaking, the production relations in our life are more and more being replaced with commercial ones—more accurately bazaar ones. It is clear that the common cause suffers from this—the economy's exit from the blind alley. However, try to lead it from there when the Transbaykal Railroad has recently been receiving more losses than profits from technical progress.

Last year, they handed over the Chernyshevsk-Zilovo electrified section for operation and laid it up because there was no electrical power. This year, the same thing will occur with the Mogocha-Ksenyevskaya section and, to all appearances, it is judged that the very last section of the Transbaykal Railroad's electrification will become a "memorial" next year to the state's mismanagement. Look now at how the old smudgy diesel locomotives are

operating under the brand-new contact wires—and it is not good for the soul. This is not progress but degradation. We can come to horse traction on the steel main-lines with such "macaroni."

Besides the moral loss, the road is incurring large material losses because it has double expenses for the upkeep of both electric and diesel locomotives on the electrified sections that have been handed over but which are not operating normally. The expenditures for building these sections should have been repaid in five years; however, having been temporarily closed down, they are providing millions in losses instead of doing this. One can say that the energy crisis has canceled out technical progress.

For example, VL85 electric locomotives, which are capable of pulling consists that are 10,000 ones and which were designed for BAM [Baykal-Amur Mainline] could travel on the Transbaykal—but there is no electrical power. Another destructive logic of the power shortage has also let itself be known. Recently, power equipment has been rapidly wearing out and suffering emergency malfunctions more and more frequently because it is being worked to the limit. The southern rayon of Chita Oblast's electrical network was shut down at the beginning of the summer. What happened there?

V. Kikot explains: "The main power transmission line had gotten into a condition where it was necessary to shut it down completely; otherwise, a misfortune could not have been avoided. The border station of Zabaykalsk was operating under emergency conditions. The transhipment of freight and the transfer of international train passenger cars from one track to another was halted. One must consider the Zabaykalsk hub to be the biggest bottleneck on the railroad now. The station has become a stumbling-block for the transport of export and import freight, and disruptions in the power supply are impermissible here."

When you arrive at the railroad substation, everything is new or like new. I recently visited the Chitichskoy TETs [heat and electric power station] and was awed. One cannot understand how they squeeze out so many megawatts of electrical power from the decrepit boilers. In a word, all hopes lie on the Kharanorskiy GRES—although not until 1993; however, it should finally provide relief to the oblast and railroad.

I called the Chitaenergostroy, which is building the GRES, and asked whether the station will provide its first current soon?

Yu. Sizov, the chief engineer, said: "We fulfilled the plan for the first half of the year by 98.2 percent. Optimism has appeared because we are counting on increasing construction rates significantly during the warm weather. However, we have not been able to recruit a sufficient number of workers. That is why we have not assimilated 63 million rubles, which are extremely necessary, this year. True, there are hopes for Chinese specialists. We are now conducting negotiations with two

Chinese firms. Possibly, they will provide us 300 workers; and Mongolia—50 trimmers. Then, we will see...."

Thus, it is still unclear who will provide the vitally needed megawatts of electrical power to the suffering Transbaykal area and who will "blow out the candles" in Chita's apartments. Will it not be the Chinese?

**Section Chief on Freight Handling Problems**  
924A0063B Moscow GUDOK in Russian 27 Sep 91 p 2

[Interview with Valeriy Dmitriyevich Andryushin, chief engineer and first deputy chief of the Ministry of Railways Main Freight and Commercial Operations Administration, by A. Krylov: "Electronics Will Help"]

[Text] Today, the problem of freight's safe-keeping does not disturb only railroad workers. With the enormous shortage of goods, reports about the good, which is dying, evoke natural indignation.

[Krylov] What measures are being taken so that dispatched goods will be delivered to clients intact and safely? I posed this question to Valeriy Dmitriyevich Andryushin, chief engineer and first deputy chief of the Ministry of Railways Main Freight and Commercial Operations Administration.

[Andryushin] Insuring the safety of freight is the duty of all railroad workers. Incidentally, this is not only problem for us; in other countries, even the most developed ones, it is no smaller a problem. Of course, this is not consoling but, on the other hand, it provides an opportunity to obtain the experience of our colleagues.

Losses during transportation are, of course, impermissible. However, who among the journalists that are writing on these subjects with anger has taken pains to analyze their causes? You see, they are different, and railroad workers are not always guilty that commodities spoil.

Look at how much freight perishes at border stations. The reason is poor containers and inappropriate packaging. Just as in other countries, you see, we have machine freight handling and this requires durable containers. At times, we receive goods in such fragile boxes that one can only be surprised that they arrived at the border, and they do not stand up to transshipment at all.

[Krylov] How are they shipped abroad? Do the owners really regard such losses calmly?

[Andryushin] You don't say! The containers and packaging are magnificent there. They transport everything on pallets. Our loader really destroys the lower cases; otherwise, you will not pick up the stack in any way.

How many letters have we sent to the government on this matter but to no purpose. You see, if railroad workers could express themselves during the concluding of contracts with foreign firms, they would pose their own

conditions. Of course, good containers cost money; however, you see, they pay for themselves—every purchased commodity will be delivered to its destination.

Have you ever seen how they load potatoes? From above, through the hatch—the tubers fly from almost a three-meter height. If one considers that the potatoes are not always well sorted out and dried, it is not surprising that half arrive at their destination rotten, that is, one must also be concerned about the safe-keeping of vegetables during harvesting. You see, we carry potatoes in gondola cars also. What remains of them in such cases?

[Krylov] You see, however, the quality of the loaded potatoes should be monitored somehow?

[Andryushin] Of course, definite requirements for freight exist; however, who checks their compliance with GOST [state all-union standards]? Eighty-four percent of them are loaded on sidings, of which we have more than 54,000 in our country. The shipper is the master there. The railroad workers are formally not responsible for these goods and, you see, the heart grieves for them.

What about perishable goods? Vegetables and fruit? Previously, we transported watermelons and melons easily by railroad. Today, however, some think that, "surfeited" with nitrates, they spoil much faster. It is necessary to change delivery times.

[Krylov] What shape do the losses from all this take?

[Andryushin] According to preliminary calculations, they will reach approximately 60 million this year.

[Krylov] Is the cost of those hijacked included in this total?

[Andryushin] Yes, the complicated criminal situation is also affecting the increase in thefts on the railroads. Their number grew twofold on the North Caucasus; threefold—on the Sverdlovsk; and fourfold—on the Moscow.

[Krylov] How is the perennial problem with seals and locks being solved?

[Andryushin] We have worked on this a lot. However, one must consider that, as is said, "a lock is not for honest people." It only guards someone against temptation. The solution to the problem probably lies in a change in social conditions and in education—although this is no guarantee.

Three years ago, we announced a contest for the designing of a reliable lock for railcars. There were many suggestions and ideas. Such a device was finally created. Original in construction, multiple in application and simple to use, it is already being tested on the railroads. Its widespread use will begin this year. Similar devices will also be made for containers. I think that when we saturate the entire network with such locks, other customers will also be found.

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Many countries use self-locking seals. We have also worked out a very original design for such a plastic seal. Incidentally, our work has undergone an inspection for patent purity, that is, it does not copy any devices existing elsewhere in the world. Patents are being drawn up for the plastic seal and lock for rail cars.

Vises will become a thing of the past with the use of the plastic seals. The plant number of the seal will be filled in on the documents. This will prevent their forgery. Receiver-shippers are enthusiastic about the new seal, but the commercial workers sometimes doubt, they say, that their difficulties with accounting and storage lie here.

Later, our plastic seal will become an electronic one, that is, a device will be installed in it that will itself "relate" its condition—is it intact or not. A mock-up model of such a seal has already been made and tested; the results are good.

[Krylov] This will significantly simplify the work.

[Andryushin] Of course, this is a first revolutionary step in commercial work. We have great plans.

Working with the All-Union Railroad Transport Scientific Research Institute, we are creating an automated railcar commercial inspection point with electronic scales to weigh a railcar on the move. This also has importance for traffic safety because it will permit overloaded railcars and bogies to be detected. Moreover, the veracity of the weight mentioned by the sender will be checked.

Electronic clearance gates will be able to monitor railcars according to their parameters. Incidentally, these gates have already been installed in Lyublino.

Closed-circuit television will come to the aid of our workers. Long ago, we tried to use it but the television cameras were not satisfactory; there were no video taperecorders like now. This system will permit an "identikit" picture of a defective railcar to be taken at any time; there is no need to compile a commercial certificate.

The establishment of an automated point is a reality already. These points will be operational in 1995. For the present, a group of All-Union Railroad Transport Scientific Research Institute scientists, which V. Soloshenko directs, is coordinating all the work in this direction.

The special value of the new automated point is that it consists of individual units which can be used both as a set and in any combination—for example, at a station where electronic scales are not needed and at another where only covered railcars are loaded and there is no need for clearance gates. These commercial inspection points can be used during the receipt of railcars from clients.

Of course, everything has been calculated using paper-free technologies, on computers.

Thus, automation will also come to commercial workers but, you see, the organization of labor here is still the same as on the first railroads which are already one and a half centuries old. Electronics will help to monitor the condition of a railcar and, this means, the safe-keeping of the cargo.

One must say that we could not do anything without the help of highly rated specialists from the enterprises of the military industrial complex. Thus, conversion has helped.

[Krylov] Thank you for the interesting discussion.

[Andryushin] Unfortunately, we have not been able to show a complete picture of the automation of commercial work in rail transport. Thus, there is sense in returning to this subject later.

[Krylov] With pleasure, railroad workers have waited a long time for this discussion.

#### Railroad Plants Suffer Metal, Wood Shortages

924A0063C Moscow GUDOK in Russian 1 Oct 91 p 2

[Article by V. Kozlov: "Metal In A Paper Frame"]

[Text] Until recently, we justified many of our difficulties and misfortunes by the absence of a "Law On Rail Transport." However, it finally appeared this spring. It was necessary to be happy and, yes, to rejoice. In the very first article, you see, it was written in black and white: "Rail transport is public property. Rail transport's importance for the country's national economy predetermines the need for its very rapid development and the centralized satisfaction of its major requirements for rolling stock."

And not only for rolling stock but also for material, technical, fuel, and energy resources and for everything else required for normal operation. However, we should not have been happy: Many good laws have already been adopted and they are not working well together. I have become convinced of this once again, having visited the offices of the former Ministry of Railways Plants Main Administration which has now been reorganized into Soyuzhheldorremmash.

The plan was on fire in the enterprises of the transport industry. Of course when all the bridges built to the bright future burned down in the country, the plan of even an important ministerial main administration is only one of the smoldering pieces of wood in an all-union fire. However, it is actually a large misfortune for the branch. Railcars are catastrophically scarce and its subdivisions are letting us down; they are not coping with their repair.

Anatoliy Aleksandrovich Tsyplakov, deputy general director of Soyuzhheldorremmash, went to his modest office weary and somehow with a feeling of doom. He was not like an individual who had just returned from vacation.

He said: "I have just talked with Darnitsa. There is a catastrophic shortage of wood and metal."

The Darnitsa Railcar Repair Plant has existed since 1935. At one time, there was a small railroad station here on the Dnepr's left bank. Now, the network's largest plant for the repair of freight cars has grown up here. The plant's settlement has organically blended with the sunny pine forest on the outskirts of Kiev. The microrayon has everything that is necessary for the normal life of the repair workers and their families. If there had not been the exorbitant rates, according to which half of the apartments in the new construction projects went to other departments, the factory workers would have been freed from housing lines long ago. In the present complicated situation, they are trying to do everything possible here to improve the collective's life. They have managed to raise the workers' salaries, and the workers in the leading professions will receive up to 1,000 rubles a month by the end of the year.

However, you will not be amazed with this now. The stability of the enterprise's work disturbs the people. There is no stability now. Disruptions in the delivery of materials are giving birth to arrhythmia in production. This is leading to fluctuations in manpower. During August, every sixth work position was empty at the Darnitsa Railcar Repair Plant. The reduction in production volume comes from this. Whereas, 15,500 railcars were repaired at the plant in 1988, now one hardly manages to exceed 14,000.

In Darnitsa, they do not simply restore a damaged or broken-down railcar but practically make a new one. The entire network freight car pool is slightly more than 1.5 million units. Besides planned repair, the railroads are forced to send rolling stock for non-planned repairs: The amount of damage at sorting humps and during unloading has increased. In a word, 180,000-200,000 railcars a year are removed from circulation.

There are only two ways to reduce such significant losses: handle the existing pool more carefully and restore damaged railcars more rapidly. There have been changes for the better in the former (a condition has imposed on the clientele: If you damage a railcar, repair it). Routine repairs are being mastered using their own forces. However, the chronic shortage of material and spare parts has recently impeded the rapid and qualitative restoration of rolling stock at Ministry of Railways plants, for which good capabilities have been built. For example, the Darnitsa Railcar Repair Plant requires metal of 150 parts lists and types for normal operation over the course of the year. However, the suppliers every now and then break their contract obligations.

In July, a telegram arrived in Darnitsa from the Nizhегородский Krasnoye Sormovo plant informing that, because of the absence of pig iron supplied by the Nizhnetagilskiy Metal Combine, it was halting the dispatch of rolled metal according to the contract until the end of the year and that it was abrogating the mentioned

contract unilaterally. A. Yevdokimova, an economist in the Darnitsa Railcar Repair Plant's material and technical supply department who was responsible for the group of metals, complains:

"Previously, it was like this: You calculated the requirements, issued requisitions, received funds and orders, and you could rest easy. Now, the so-called market principle: 'You-to me; I—to you', has already begun to operate. That same Krasnoye Sormovo Plant was refusing metal. Knowing that arbitration will not help, we are trying to bring it to reason but in reply: We asked for sugar from you—you did not give it. 'What in this case do you require from us?'"

Thus, you see, one can carry it to the point of absurdity. What if railroad workers also posed an ultimatum: "You did not provide metal; you will not receive railcars to ship your product." Anna Mikhaylovna acquainted me with a complete collection of telegrams similar to the Soromovo one.

From Temirtau: "Orders... we are not undertaking their fulfillment," "we accept the third quarter norm amounting to 1,036 tons for fulfillment during the fourth quarter."

From Magnitorsk: "The order is not accepted."

Yes, and our own, Ukrainian, suppliers are no more compliant than the Russian or Kazakhstan ones. The Dnepropetrovskiy Metallurgical Plant should have delivered 518 tons but it sent 74; the Dneprodzerzhinskiy—3,912 plus 2,200 tons and it has still supplied less than half of the required. And so on and so forth.

O. Shevchenko, an economist, says: "Lumber is also constantly scarce. It is especially bad with deliveries according to the products list. Of the year's stocks which have been prescribed for our plant, Amurglavsnab should have sent 1,715 cubic meters of sawed timber during the first seven months; however, it only sent slightly more than half."

On the one hand, there are underdeliveries; on the other hand, prices have soared sharply. The directors of Tomlesprom, which has been renamed the Territorial Lumber Concern, have notified the Darnitsa people: "In connection with the inclusion of official salaries in the tariff rates on 1 July 1991, the wholesale price of one cubic meter of the corresponding variety will increase by 50 rubles. Send your agreement to the receipt of sawed lumber at the above-mentioned prices."

It seems that the higher leadership of the timber purveyors has given its blessing to this price increase, having permitted "the use of contract wholesale prices for timber products supplied by the concern's enterprises in 1991 as an exception...."

Lumber and metal have become more expensive, and railcars are becoming more expensive. But what if there are not enough of them, generally speaking, during the chaos of deliveries and the unpredictability of prices?

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These very railcars that are required for the shipment of lumber, metal and other items very much needed by each of us? You see, one cannot simply expect something better than delivery discipline—there is nothing better. In Darnitsa, they understood this very soon. At the beginning of the year, I. Shiber, the plant's deputy director, turned to the former Plants Main Administration: "The first quarter plan is threatened with disruption due to the lack of 1.5 millimeter sheet steel. The requirement is 1,200 tons; the assets have not been allotted. Leftovers on 1 January consisted of 12 tons. The requirement for 3-4 millimeter sheet steel is 3,336 tons; leftovers are 149 tons. First quarter assets of 814 tons have been allotted.... For the second time, we are earnestly requesting your intervention."

There was no reaction.

They sent a second telegram addressed to the minister. The content was similar. This time, comrade Baranovskiy, the plant director, and comrade Kosik, the chairman of the labor collective council, signed the telegram. Again, no reply.

What should one do in such a situation? The market has begun to operate, as the Ministry of Railways Collegium pointed out during one of its expanded sessions. When entering it, it is necessary to adjust the interaction of the branch's cooperating services. The traditional ideas (although they have acquired the force of law this year) that everyone is required to deliver everything for rail transport are not working, as we have seen in the example of the Darnitsa Railcar Repair Plant. New approaches are required to satisfy the branch's urgent requirements. That same Collegium pointed out—both barter deals where a railcar emerges as a commodity and other acceptable mutually beneficial ties.

An example of such ties from the not so remote Seventies is known to me—one between the Moscow-Kursk Division of the capital's mainline and the Kuchinskiy Ceramics Combine in the city of Zheleznodorozhnyy. I know M. Yegorov, the deputy director who works in this enterprise, well. For this enterprise, the shipment of raw material and finished products is the question of questions. I once witnessed how Mikhail Fedorovich, at the risk of creating a large unpleasantness, ordered a delay in the delivery of materials for the central experimental design construction project and sent the bricks to the railroad. He always found an opportunity to help transport workers with non-funded deliveries of facing brick and ceramic tile. That is why the alighting platforms and terminals of the stations on the Gorkiy Avenue were built with good quality brick and covered with smart-looking and multicolored glazed tiles. With such ties, of course, the combine never found itself in a critical situation because of the absence of railcars although there was no bartering at the time and railroad workers were able to manage without bricks and tiles.

However, how about the Darnitsa repair workers? The Ministry of Railways did not listen to their distress

signals. In any case, they did not react to them in the necessary way. On the other hand, the Collegium's recommendation using the formula "a railcar is essentially a commodity" has hung in the air. You see, someone should receive the distress signals, translate them into the language of bartering and transmit them to the railroads' administrations.

#### Economic Consequences of Railway Net Breakup Examined

924A0049A Moscow GUDOK in Russian 21 Sep 91  
pp 1-2

[Article by Nikolay Davydov: "Sovereign Boundaries: They Are Costing the Country Billions in Losses"]

[Text] In the present period, complicated for the country and for its economic system, few people think about the key role played by railroad transport in the life support of the different regions on the vast expanse that not long ago was still called the Union of Soviet Socialist Republics. After the declaration of sovereignty of the former republics, increasingly insistent demands for sovereignization of the railroad network began to be heard. It mattered little to the authors of the appeals that the country's rail network is a unified organism with an organizational structure and transport process technology, worked out over the course of its one-and-a-half century history, which has made possible stable provision of transport for the needs of industry, agriculture and the population.

The economic consequences of breaking up the network, which has developed as a unified transport complex, are even hard to imagine. Merely decentralizing the administration will sharply reduce the maneuverability of the transport process. This is primarily, of course, because of the extremely serious state of the material-technical base which transport has at its disposal today and the lack of reserves of loading resources and throughput capacity of the routes. There will be an exacerbation of the extremely serious financial situation of transport, caused by the unbalanced rise in prices for the products needed and the size of the railroad tariffs, which prove to be different in different regions, since the republics already aspire to working out their own. Some sort of territorial-differentiated tariff calculation methodology will have to be created in order to prevent a possible tariff dictate for transit transport.

We still do not know, by the way, what the economic agreement among the new sovereign republic-states will turn out to be. There is not even any certainty that a unified monetary system will be retained for long. Therefore, any discussions about which functions should be retained for some central organ and whether it could control transport for the entire present-day territory may seem premature. In order not to lose the administrative thread in the present situation, however, and the main thing—to look just a little bit forward—it is not out of place, based on specific data, to consider just what

sovereign boundaries on the rails will cost. This will in some measure also make it possible to shed light on the possible structures of railroad transport management.

It should be emphasized that the transport component is of substantial significance in the economy of any country. Efficient distribution of freight flows, both by types of transport and within each type, contributes to cutting down expenses for freight transport, and consequently, to reducing the cost of the goods produced.

In such a vast country as ours, the railroads should function independently of the political situation. This is dictated by the special position of railroad transport and its predominance in the country's transport system. The motor vehicle network, even if it improves in individual republics, cannot on the whole compete with the railroads in the long-term future.

The most important thing, however, is that from the very moment of its inception, our railroad network was formed and developed as a unified whole. Throughput and carrying capacities increased, and classifying stations, locomotive and railcar depots, plants producing technical devices and repairing rolling stock, educational institutions to train personnel were allocated on the basis of this principle. This principle contributed to reducing transport expenses in the national economy to a minimum.

Violating the principle of network unity will lead to gaps in the technology of the transport process, to changes in the procedure for routing railcar flows, to sending them frequently by an alternate route and to failures in the network plan for making up trains. This will cause a rise in expenses, estimated as more than 100 million rubles.

Another problem is the community of the railcar fleet. This stems from the fact that, both by seasons and in individual months, the need for specific types of rolling stock in different regions of the country changes. By carrying out its operational forwarding, the transport needs within each republic are provided for. Because of this, the transport of the harvest, fuel, etc. was usually fulfilled with a minimal railcar fleet.

The minimal railcar fleet also brought about the development of the network, since for efficient operations, a definite and small amount of rolling stock was needed per kilometer of network and station tracks. An increase in this amount, which is inevitable after the division of the network, will lead to a lessening of maneuverability for each railroad subdivision and a reduction in the transport volume.

Probably the greatest blow for the economy of the sovereign republics and the entire state new-formation, however, might be dealt by the appearance on the map of dozens of border crossings with strange procedures for control of technological operations with freight and railcars, and customs barriers. The idea of a unified economic expanse under these conditions may prove to have a hollow ring: the crisis in the economy will be even

more exacerbated. Obstructions in the path of freight flows will inevitably lead to spasms at the enterprises, TETs and other life-support systems.

Dividing the network along sovereign boundaries will be accompanied by the rise of a different type of imbalance. After all, in order for railroad transport to function normally, there are 100 key (most highly developed) classifying stations. But there are none in Moldova, Georgia and Uzbekistan. Additional ones will also have to be built in Kazakhstan. The complexity of this problem can be judged if only by the fact that in the last 40 years, the country's budget managed only two such stations: Orekhovo-Zuyevo and Bekasovo. The construction of a third is nearing completion—Krasnoyarsk-Vostochny. Each of them cost approximately R50-60 million, and the construction process stretched out over two five-year plans. This means that about R300 million and 15-20 years will be required for 5 or 6 new stations.

One more problem: most of the rolling stock repair plants are on the territory of the Ukraine. It is doubtful that its Ukrainian separatist administration will do anything for others to its own detriment. This means that Russia, Belorussia and Kazakhstan will have to build their own plants with this specialty, each of which will "drag on" for no less time than a major classifying station.

Further. Unless the train flow throughput is made more efficient, the main single-track lines of all republics without exception will need to have their throughput capacity intensified. There is no need to define precisely just where the second tracks will be, and where the double-track insert will be. It is clear that newer and newer tens of millions of rubles or other paper money will be buried in ballast, ties, rails, and, more precisely, in... sand.

The construction of dozens of new turnover points and the replacement of locomotive brigades in the border regions will be compulsory. Can an engineer, let us say, from the October Road really drive into Latvia or Estonia, where all the negotiations between dispatchers and locomotive crews will be only in the national language? He will simply not be able to understand their commands, which might lead to an accident. There is a similar situation between Georgia and Armenia, and between Uzbekistan and all its neighbors. Even if each turnover point for this procedure is cheaper than a classifying station, in the end, many tens of millions will also be sunk into them.

In order to avoid having the estimates made above show any sort of fabrication on the part of the author, let us introduce for comparison the data from studies made by German scientists in connection with the intention to create a unified European market in 1993 (that is to say, the reverse process, which is in itself symbolic!). Look, the Common Market countries are right now incurring losses exceeding 15 billion marks a year at the border crossings. It was established that in fulfilling all the

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border procedures, the average speed of delivering freight from Belgium to Greece is right down to 12 kilometers an hour. With the creation of a unified market, virtually all the border operations are to be abolished, but we are bursting to go at a jog-trot to this outdated anachronism.

Our sovereign republics are already aspiring not only toward their own tariffs and price policy for transport, but also toward their own transport norms and rules. That is, they are striving to create their own differentiated transport market. Within the framework of sovereignty, the desire to have their own standards and requirements for the technical transport devices will certainly appear. It is therefore useful to present the data from those same German scientists. Because of isolationist measures, particularly for transport, at the end of the 1980's, the losses of the Common Market countries reached about 400 billion marks.

All of this is convincing proof that under the conditions of independence for the republics, it is most expedient to retain a centralized railroad transport administration, transferring to this organ all the technical devices and making it a duty to provide for the need for transport of all the republics, both within them and between them. It should be granted the right to solve the problems of railroad transport development and, with the agreement of the republics, to allot funds on the basis of the proportion of transport volume fulfilled. This same central organ should carry out the economic regulation of railroad activity.

If this idea is adopted, the railcar fleet will remain as general union property, distributed among the roads which, expressing the interests of the republics, will carry out freight transport at the request of the producers, based on the priority of the state interests. In this case, the structure of the present Ministry of Railways should not essentially change.

It is fully possible that other decisions will be made with respect to the union organs, and that the railroad property will be turned over to the republics. In that case, however, it is expedient to create a union organ for centralized management of the transport process in railroad transport. In this case the republics should delegate to this organ the right to operate technical devices, particularly the railcar fleet. It can be distributed among the republic roads on the basis of the transport volume fulfilled, and its replenishing will be carried out through the funds of the republics, also on the basis of the transport volume. There should, of course, be economic agreement among the republics, coordinated with the union railroad transport organ and approved by the Council of Ministers for Transport of the republics.

The scientific-technical, tariff and investment policy should be implemented in similar fashion. The need for this approach to the investment policy should be particularly noted. The development of the throughput and

carrying capacity is a very capital-intensive measure, and sometimes one republic will not be in a position to fulfill it. Therefore, union cooperation and an efficient stage-type arrangement are needed to carry out the measures outlined.

Even if distribution of all transport devices among the republics takes place, however, and transport priority prevails within them, a central union organ will still be needed. It will begin implementation of the interaction between the republics in the matter of transport organization. True, under the conditions of the perestroika of the entire national economic mechanism, and on the eve of winter, this will lead to railroad transport not being able to cope with its functions and will be a retarding factor, since the network of republic railroads is not right now prepared for independent functioning.

There are endless examples proving the tremendous damage that can be caused by not thinking out the decision to divide railroad transport according to individual republic sections. The self-isolation of their internal market will most likely lead to stagnation in the sphere of technical progress, including transport, and consequently, to destructive processes in the economy as a whole.

As L. Baltserovich, deputy prime minister of Poland and minister of Finance, who recently visited our country, said about the striving for feudal isolation of a number of republics, "... the retaining of ties among themselves will undoubtedly be in their economic interests. We know, however, that in modern history it is not obligatory for everyone to resolve arguments".

I do not know what resolutions were prepared within the depths of the Committee for Operational Control of the National Economy, but already, judging by the tasks set for the working group of republic representatives in the sphere of transport, it is clear that it is a question of making a transition to so-called inter-republic forms and structures for management of all types of transport. That is, it is a question of splitting up management, of splitting up the economy, splitting finances, etc. From this, a reduction in the efficiency of transport use is also inevitable.

V. Pryadko, chief of the Finance Main Administration of the Ministry of Railways, feels that destroying the unified central management of the network no later than a month from now may lead to irreparable disruption in providing the republics with foodstuffs, fuel, metallurgical raw material, building materials and equipment, in short, to total failure of network operations.

At the present time, the problem of calculating and distributing the revenues of the roads is solved centrally, due to the information-computer center system developed on the roads, which transmit data to the Main Computer Center of the Ministry of Railways. A special

program was worked out, and channels of communication set up. A unified general network center for calculation of international transport has been created and is in operation.

So then, it took over a quarter of a century to ensure normal, stable work on calculating and distributing revenues for both internal and international service! It is difficult, therefore, to even imagine how this problem will be solved if the affair goes as far as the break-up of the unified railroad network. Each road will have to start the work entailed in calculations for transport all over again. How will revenues be distributed among the roads and republics?

Some ministry of transport specialists of the republics mistakenly feel that this problem is an easy one. They should listen to railroad specialists, and particularly to financiers, representatives of the computer centers and accounting organizers. They are the ones who know how difficult it was to set up the existing system. Moreover, setting up automated systems for the calculation and distribution of revenues and accounts for transport requires considerable expenditure. This is because the republics will need to draw up their own programs and create or considerably expand the material base of the computer centers. Provision will have to be made for the formation of internal centers for accounts for international and inter-republic transport, which will be very expensive. Right now the network center for accounts for international transport processes up to 6 million documents a year, and the expenses for this constitute almost R1 million. Considering the fact that in singling out the roads as part of the republics, the volume of reciprocal accounting will rise sharply, the expenses will increase accordingly.

The system of calculating and distributing revenues that has formed makes it possible to perform all the necessary operations in the course of a month. Their decentralization, however, will increase the period for presenting and paying accounts for transport up to four months?! This delay will naturally lead to diverting monetary resources and will reduce solvency. In the opinion of specialists, this will result in about R10 billion having to be found to keep the transport process from stopping.

Meanwhile, everyone in common has the opportunity to process, in case of technical malfunctions, the documents of one road on the computer centers of another road. When such malfunctions arose at the Tselina computer center in June, all the work for calculating and distributing revenues was done by the computer center of the South Urals. It was necessary only to install an additional communications channel. Sovereign boundaries would hardly make it possible to retain such close contacts.

Under the conditions of the financial imbalance of the sector's budget—and naturally, the roads' as well—the intended division of the network will unquestionably

mean its ruin—if only because the present multi-million deficit will most likely double or even triple. And the treasury is empty!

### Rail Performance Highlighted

924A0074A Moscow GUDOK in Russian 5 Oct 91 p 1

[Article based on material from the Ministry of Railways Statistics Administration: "The Situation in the Country Is Having an Effect: The Branch's Work Results During the First Nine Months"]

[Text] The serious political situation, continual fall in industrial production and growing tension in the country's economy were the main factors determining rail transport's work results during the first nine months of this year. With an eight-percent decrease in the total volume of freight shipments as opposed to January-September of last year, the planned quota was realized by 101.2 percent. At the same time, the freight turnover plan was underfulfilled (96.3 percent) as was the passenger one (93.4). The labor productivity of workers engaged in shipping sank by more than 10 percent compared to last year and shipping costs by 0.7 percent when compared to the plan. On the whole for the Ministry of Railways, the balance profit is approximately 5.7 billion rubles; this is 3.3 billion rubles higher than the plan but 1.3 billion lower than last year's level.

During the first nine months, railroad workers transported approximately 2.7 billion tons of freight—31.6 million tons more than the plan but 239 million lower than the level of this same period in 1990.

The total amount of freight shipments for the state over and above the plan was 6.3 million tons, including, petroleum products—1.2 million tons, ferrous scrap metal—1.1 million tons, coke—208,000 tons, etc. The plan was not fulfilled for six of the ten freight designations in this products list and the total arrears in shipments reached 14.4 million tons.

The loading plan for 14 freight designations (out of 32) included in the local planning products list is being overfulfilled.

Within the framework of implementing measures to stabilize the national economy and the country's economy, more than 49 million tons of construction cargo; more than 2.4 million tons of formula feed and oilcake; 500,000 tons of meat and animal oil; 562,000 tons of sugar; about 1.5 million tons of potatoes, vegetables and fruit; 1.8 million tons of sugar beets; and many other industrial and agricultural products were shipped above the plan. At the same time, a noticeable shortfall was permitted for several types of freight.

During the first nine months, 28 railroads, with the exception of the Transcaucasian, South Urals, Kemerovo, and Tselina, coped with the shipping plan. The Belorussian, Moscow and Krasnoyarsk (three million tons), as well as the Baltic, Southeastern, Far

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Eastern, Gorkiy, Northern, and Southwestern covered the quotas more than the others.

It is necessary to point out, however, that only the Krasnoyarsk managed to maintain an increase when compared with January-September of last year. Shortcomings in organizing the movement of trains and freight operations have not been overcome on a majority of the other mainlines; that is why the level of effectiveness in using rolling stock decreased somewhat. Not a single railroad fulfilled the plan quota for the transmission of railcars. Railcar turnover increased by 2.9 hours as opposed to the target and was slower by 1.2 hours in relation to the same period of last year.

## Fuel Delivery Problems Scored

924A0074B Moscow GUDOK in Russian 5 Oct 91  
pp 1-2

[Article by Aleksandr Loginov: "What's Happening With Coal and Oil?"]

[Text]

- 58 million tons—deliveries of coal decreased this much in comparison with last year.
- With the very acute shortage, special trains with coal and petroleum products are going abroad.
- A real threat of a fuel crisis.

We might as well now thank fate that the weathermen's forecast did not come true during the second half of September or even the beginning of October. It was not necessary to try on warm clothing. Nature, however, has its own customs and it can, so to speak, make up for what has been omitted.

In the survey material that was published in GUDOK two weeks ago under the title "Does Cold Threaten Us?", we talked about the unenviable condition of the country's thermal power industry and about the unseasonable modest stocks of fuel in our TETs [heat and electric power station] and GRES [state regional electric power station] storage areas and about the fact that whereas we previously began to expend these stocks during the most severe winter months of January and February, it will now be necessary to "eat" approximately 12 million tons before the arrival of these months.

Then? Will it be necessary to rely on the miners producing and the railroad workers transporting the small pieces of coal, filling the decreasing stocks or begin supplying scarce fuel directly from the wheel? Such hopes are extremely delusive. The emergency situation, toward which we (whether we want to or not) are continuing to move, can overturn the hope based on "perhaps" that is so characteristic of us. Here are the figures cited in this article concerning the fuel shipment plan shortfall allowed by the main coal basins during mid-September and only just received from the Ministry

of Railways Transport Main Administration at the beginning of October. Whereas the arrears at that time had reached 739,000 tons in the Kuzbass, it is now 743,000; for the Donbass, it is 107,000 and 207,000 respectively; and for Karaganda—136,000 and 188,000 respectively. The other basins, except for the really young Kansko-Achinskiy, are not making the shortfall up but are increasing it.

However, even these figures do not reflect the catastrophic situation in which our economy finds itself and which continues to intensify. In the still existing USSR Ministry of the Coal Industry (its former property has already partially fallen under the jurisdiction of the republics and is being converted into concerns and the union department itself is on the point of being converted into a certain association of new structures), S. Mironov, the deputy chief of the branch's transport facilities, has revealed extremely inauspicious data. Today, the shortfall in coal deliveries according to the basic plan is 13.4 million tons.

There exists another plan that more fully reflects the national economy's requirement for fuel and impels the miners toward more productive work—the so-called plan to stimulate above-plan mining in a centralized fashion. Thus, if this plan, which is extremely necessary and which materially stimulates the coal miners, is adopted for the accounting mark, then the gap with the present figure would be more considerable—25 million tons!

One cannot manage without plans and without forecasts for the future, of course. However, mechanisms for realizing preliminary outlines and their practical implementation are also needed. Otherwise, various adjustments by departments allegedly for the welfare of their collectives are capable of bringing the imbalanced economy, bad enough as it is, to complete disintegration and collapse. Therefore, let us divert our attention from plans that have been repeatedly shaken down and turn to the facts.

Last year, which was noted for prolonged summer strikes by miners in comparison with the previous one, provided a considerable minus in coal mining. Then, a snowball of every possible scarcity started rolling, increasing in size. It is not stopping, it is moving. Each of us, roughly speaking, has felt it on our own hides.

What is the approaching day preparing for us? Let us look soberly and unbiasedly at reality. The threat of cold in our shops and houses is not concealed in the shortage of a mythical planning 13.4 or 25 million tons of coal but in one of 58 million tons! This is what the basins failed to provide from January to September of this year in comparison with the same period of last year which was by no means favorable—as has been pointed out. The Donets Basin alone decreased the mining of coal by 24.7 million tons during this space of time; the Kuznetskiy—by 22.1; and the Pechorskiy (Vorkuta and Inta)—by 4.3 million.

I asked Yu. Lukyanov, the deputy chief of the USSR Ministry of Coal Industry Main Administration for Coal Sales, to comment on this fact.

"One can illustrate this with the following example. A little more than one and a half years ago—on 23 February of last year—GUDOK published an article 'They Have Gotten Stuck in the Coal Slack.' The discussion concerned the fact that several mines, coal-preparation plants and whole associations in the Donbass were on the verge of stopping because their warehouses were chalk-full of this very coal slack (anthracite chips up to three millimeters in size—Editor) of which more than 3.5 million tons had accumulated at the time—2.5-fold more than the norm. At the time, our power supply specialists were refusing it and we racked our brains over how to sell it or export it to foreigners. Now, it is not necessary to rack one's brains: They have swept all of ours up with a whisk broom and there is little of it. The Ukrainian government has adopted a decision not to export power-generating and so-called household coal beyond the republic's limits. Before this, you see, they delivered it to Moldova, Belarus and Leningrad Oblast from the Donbass."

What will happen with the supplying of these and other regions? Because of a decrease in the fuel extraction level, Karaganda is refusing to deliver coal to Volgograd Oblast. The local authorities in Irkutsk and Chita Oblast are also fighting for the supplying of their own territories first and then the "foreign" market—although ties and contracts, which have taken shape for a long time, exist.

[Loginov] Yuriy Nikolayevich, such sovereignty (not political but economic) will cost dearly. You, for example, can hear in Ekibastuz that Russia is not satisfying the requirement for wood, in particular ties, and, they say, we will curtail coal supplies to it.

[Lukyanov] Such bartering can have unforeseen consequences. For example, it is necessary to deliver coal from that same Karaganda to the East Kazakhstan and Semipalatinsk oblasts over their "own" republic lines three-fold-fourfold further than from the Kuzbass. Ekibastuz sends almost half of its mined coal (39 million tons) to its neighbors—the power engineers in the Urals. I am not a supporter of this type of reasoning: Russia will always supply itself with coal. Russia, Kazakhstan and the other sovereign republics will suffer billions in losses because of this self-supplying.

We will return again to discussing how to get out of this coal cul-de-sac—but now about the no less acute problem of supplying the national economy with petroleum products. In comparison with last year, the amount of their shipments was reduced by 950,000 tons this September and the failure to fulfill the month's plan exceeded a million tons. This has caused, on the one hand, a delay in the turnover of tank cars on the Odessa, North Caucasian, Transcaucasian, Tselina, Alma-Ata, and Sverdlovsk railroads and, on the other hand, a long

interruption in the movement of trains on the Moldavian and the Azerbaijan's Mindzhevan-Norashen section. As a result, daily losses have reached more than 500 tank cars. The delay in the transmission of empty tanks at the junctions of the Baltic, October, Lvov, Southern, and other railroads has turned into tenfold greater losses. More than 3,000 tank cars also sat in ports because of fuel deliveries for export in accordance with the direct contacts of petroleum refinery enterprises. Thus, 966 tank cars were awaiting trans-shipment at the beginning of October at the port station of Krabovaya and other stations in the Vladivostok Division, including 450 with dark petroleum products; of these, only 68 are being freed each day.

Similar jams involving demurrages of many days exist in the ports of Odessa and Batumi and on their approaches. We are carrying "beyond the knoll" that of which there is not enough today both in the gathering in of the harvest and in the thermal power industry. Moreover, by "cutting down" rolling stock for a long time, we are condemning the petroleum refinery workers to idle time.

A. Telkov, deputy chief of the Ministry of Railways Liquid Cargo Transport Administration, says: "Because of the shortage of tank cars for transporting fuel oil, a number of large oil refineries have stopped work or are on the verge of stopping—such refineries as the Achinskii, Omskiy, Permskiy, Nizhegorodskiy, Saratovskiy, and Novoyaroslavskiy. The Bashkir refineries are in a difficult situation."

Hard currency and the lack of organization and coordination in the actions in pursuit of it are turning into the following value for us. Solid fuel bread-winners are not yielding to liquid fuel producers in their aspirations. That is why during September 1,430 railcars loaded with coal sat for half the month in Nakhodka-Vostochnaya; 450 and 420 for 10 days—in Tuapse and Vyborg, respectively; and 350 railcars for a week—in Tallin.

Who has paid how much to whom in fines for these demurrages? How much did the transportation of the small pieces of coal from the Kuzbass and other basins, which are not getting to us and which are being sold to a hard currency uncle, cost? They are not now considering rubles—what can you buy with them?

We have seemingly forgotten to work for "ourselves." In the Ministry of Power and Electrification, they complain about the scarcity of fuel stocks but, in September, they kept 597 railcars a day too long during unloading; and the coal-miners themselves—320 when receiving freight addressed to them. In Ekibastuz where they always knew the price of a railcar, they stood idle 12.4 hours instead of the norm of 10.6.

One can sympathize with the metallurgists: How many were idle and lost pay due to the coal shortage during the miners' strikes! Yes, and now they are experiencing a considerable need for it. Is this why that, which arrives at them, is not being taken from the ways without delay? You see, during September, 1,850 gondola cars, which

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everyone needs, stayed too long in this branch each day during unloading above the prescribed norm. They began October with a record—2,420!

What will we do tomorrow when the cold strikes? When it will be necessary not to simply unload the coal but to “gnaw it out” of the railcars?

**Construction of Amur-Yakutia Railway Stagnates**

*OW1910174591 Moscow Central Television First Program and Orbita Networks in Russian 2000 GMT 14 Oct 91*

[Unidentified correspondent's video report; from the “Utro” program—recorded]

[Text] [Correspondent] Once again all is quiet on the Amur-Yakutsk railway line. Last year, the decision to suspend construction was adopted several dozen times, and the current situation is no better. [Video shows a stockpile of rail sleepers, rails beside the rail track, then cuts to show correspondent interviewing S. Dolmanetskiy, position unidentified]

[Dolmanetskiy] We have been without rail ties for the past year and our laying has come to a stop. It has stopped some 80 km short of Aldan. We have all the other complements, but everything rests on ties. That is how it is.

[Correspondent] Maybe we should just forget about it. How much can we bear? All of this has taken so long, and it is all so tedious, so much strain on the nerves. I think we have spent more money on various commissions and trips to clarify relations.

[Dolmanetskiy] That is easy to say. We have built and waited for this for 15 years. Now just consider our southern Yakutia region. We have vegetables and fruit, and everything can be shipped cheaper by rail, but to stop at some 80 km, I do not know! How profitable it would be for the whole Republic if we shipped by rail even from Aldan. [Video shows a train being loaded with what appears to be timber ties, departing motor rail car]

[Correspondent] Nevertheless, ignoring the temporary drop in the work, the line is slowly moving toward Aldan. At the beginning of September, we, together with the commission from Tyndatransstroy Trust, the RSFSR [Russian Soviet Federated Socialist Republic] State Committee on Economics, and Soviet ministers from the Yakut-Sakha ASSR and Bamtransstroy Association, traveled along the 200 km completed section of the line.

One must say that the railway leaves a good impression, and fears about ecological catastrophies as a result of building this railway somehow faded away by themselves. The taiga in the vicinity of the route is clean. Incidentally, what is the opinion of the builders? [Video shows correspondent interviewing V.M. Bogdanovich, chief engineer of the Tyndatransstroy Trust]

[Bogdanovich] In principle, I consider that the way up to the Nimnry siding is practically in operational condition. There is a small section that needs to be tidied up yet, and then one can start moving freight, and at a fair speed at that. That is, we can practically operate here at 40 km an hour. [Video shows a train with one open wagon loaded with bricks]

[Correspondent] Wagons are already being unloaded in Bolshoi Nimnry. Here there are building materials, food products, and industrial goods. [Video shows correspondent interviewing an unidentified man standing with two others, and a track-laying machine]

[Unidentified man] The earthen rail bed is ready. We have the people, and the track layer is in place awaiting work. We need to make a decision. Today we are losing the most valuable thing we have—that is, people. People are leaving. They no longer believe all our promises and talk. We must adopt the decision and begin to carry it out. I think that we would get support from comrades who have earlier had doubts about the construction of the railway, and I think that the Republican government and the Supreme Soviet of the Republic would be unanimous that we cannot lose these people now. If we lose the people, we will lose everything. This road will stop right here forever. [Correspondent directs the next question to the second man identified as V.V. Smorodinov, worker with the RSFSR State Committee on Economics]

[Correspondent] Vitaliy Vasilyevich, what you will say now to the RSFSR State Committee on Economics? It seems to me that a lot depends on what you will say in the first place after returning from this mission.

[Smorodinov] Well, I can say that as a railway man and a professional, I have always been a supporter for the construction of this rail line, and I have tried everywhere to prove that this railway is needed. At present, everything is being transported by vehicle. This is use of fuel, the driver's wages, vehicle amortization, and so on. For me it is simple. I am convinced and believe that this railway will continue to be built—the railway will proceed further.

**New Main Railroad Under Construction in Karelia**

*PM2110144191 Moscow Central Television First Program Network in Russian 1300 GMT 15 Oct 91*

[From the “Television News Service” newscast: Report by V. Ternoushko and S. Petrunichev, identified by caption; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[Text] [130647] [Announcer] Construction of a new Transeuropean mainline rail route has begun in Karelia.

[Ternoushko] The route begins near the settlement of Ledmozero, where the track is being laid, and runs toward Kochkoma Station. The distance of 124 km will

have to be completed by construction workers of the "Tsentrstroymekhanizatsiya" Trust among the cold rocks and marshes, in the conditions of the uninhabited taiga, to provide access to the bountiful resources of the Polar region. Tens of thousands of trains will carry gravel of unique quality. Its production has already begun at a mighty factory in the town of Kostamuksha. Reserves of the raw material are so large that there is enough for the entire modern road construction program in St. Petersburg, Moscow, the center of Russia, and other regions. But the new railroad has other innovations that we will find unusual. For the first time in our country, it will be developed and operated on a commercial basis and shareholders in the "Geleflind" [as heard] Joint Stock Corporation will be able to organize matters in such a way as to resolve all problems on the spot without undue delay. This northern version of BAM [Baykal-Amur Main Railroad] will link the existing rail network in Scandinavia with the north of our country by the shortest route. It will be able to perform tens of millions of freight trips per year that would previously have gone to the Baltic ports. Thus there will be a new window on Europe. (130818)

## MARITIME AND RIVER FLEETS

### Deputy Minister Interviewed on Future of Maritime Fleet Ministry

924A0033A Moscow VODNYY TRANSPORT  
in Russian 19 Sep 91 p 1

[Unattributed interview with G. Gerasimchuk, USSR deputy minister of the Maritime Fleet: "How Long Will the Maritime Fleet Stay Alive?"]

[Text] Our brief interview with G. Gerasimchuk, USSR deputy minister of the Maritime Fleet, began with this question, which our readers increasingly ask in some form or other. We managed, with difficulty, to catch him on his way from one conference to another.

"How long will the Maritime Fleet stay alive?" Gennadiy Davydovich repeated the question. "If we speak in the broad sense of the word, I have in mind the sector, then until we pull it down with our own hands. As long as it has enough competency and, to put it bluntly, intelligence and common sense to proceed not from slogans and emotions but from life, from the needs of the national economy.

"After all, the entire infrastructure of the maritime fleet has formed historically on the basis of the transport interests of the country, that is, of all the Union republics. The fact that they have become sovereign states has by no means eliminated these interests.

"It seems that, much as Russia is a maritime state—over half of the fixed capital belonging to Union maritime transport is based here!—its interests are interwoven with the interests of, for example, the Latvian shipping

industry. Do republics which have no outlet to the sea really need maritime transport? Of course they do.

"The transfer of the maritime transport enterprises located in the Baltic area, in the Ukraine, and in Georgia, to the property of these states essentially deprives, let us say, the RSFSR [Russian Soviet Federated Socialist Republic] and most of the other republics of an outlet to the Baltic and Black Seas, or restricts it—as compared with the former established procedure. On the other hand, that same Georgia, Baltic area or Ukraine has at its disposal ships and ports which several times exceed its own needs and, which is very important, have been created through funds from all the republics.

"We feel, therefore, that maritime transport should not live on in the form of uncoordinated, completely isolated shipping companies. Their activity should be coordinated in the interest of all sovereign states united by a common economic expanse (incidentally, this is the usual practice in world shipping). One of the paths here is joint-stock shipping companies and certain ports with all the republics participating."

[VODNYY TRANSPORT] Your idea is understandable. Perhaps, though, the representatives of the republics which have become sovereign states, feel otherwise?

[Gerasimchuk] In order not to speak without substantiation, I would like to show you the minutes of a recent conference of 14 republics, in which the top directors of the Ministry of Railways, the Ministry of the Maritime Fleet and the Ministry of Civil Aviation took part. Look: They were signed by the directors of the organs of state transport administration of Azerbaijan, Armenia, Belorussia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Turkmenistan, Uzbekistan, the Ukraine, and Estonia.

The participants in the conference were unanimous: Market relations must be extended to transport, and this means market structures as well. New inter-republic state organs of the transport administration must be created, and during the period of reorganization the existing procedure for ensuring transport and its management must be retained.

Frankly, in going to this conference I feared, unfortunately, the endless discussion typical of today. However, it was uncommonly constructive. There were hardly any narrowly political considerations and emotions did not gain the upper hand over economics or realism.

[VODNYY TRANSPORT] If only in a few words: What will the structure of maritime transport management be like in the near future?

[Gerasimchuk] Everything that is located on the territory of the republics that have become sovereign states will belong to them. Naturally this also pertains to the fixed capital of maritime transport, which earlier was included as all-Union property.

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The forms of its management will be varied. In the Baltic states, ministries of transport have been formed, in which there are maritime departments. There will be a similar department in the RSFSR Ministry of Transport.

[VODNYY TRANSPORT] A department of maritime or water transport?

[Gerasimchuk] There is still no final answer to this question. We feel that it is economically inexpedient to combine the republic's maritime and river fleet "under the same roof."

Russia's Ministry of Transport feels that is more expedient to create a department of water transport.

[VODNYY TRANSPORT] Does this mean that this is the way it will be?

[Gerasimchuk] I would not state this categorically right now. Our relations have formed in such a way that the battle of arguments, by no means the battle of ambitions, is of paramount importance. I think that common sense and economic expediency should triumph.

[VODNYY TRANSPORT] What about the inter-republic organ which you mentioned at the beginning?

[Gerasimchuk] It will be created on the basis of the present USSR Ministry of the Maritime Fleet to carry out the state functions that are delegated to it by the republics. This pertains above all to following an inter-state policy in such spheres as navigation safety, the organization of rescue at sea and combating oil spills, some of the foreign economic and foreign political relations, participation in cargo flow regulation, coordination in commercial-legal questions, personnel training, etc.

[VODNYY TRANSPORT] Gennadiy Davydovich, I sense that it is not by chance that you keep glancing at your watch, so this is the last question: How long will this structural perestroika continue? After all, the transitional period of which you spoke can go on for months, and perhaps even years. We are certainly all tired of the numerous reorganizations of the last few years.

[Gerasimchuk] Everything here is maximally concrete. This week, before 20 September, all the proposals on the forms, stages, and periods for reorganizing the overall state structures will be gathered and analyzed, and a special work group must come to an agreement on the functions of the new inter-republic organs.

The final conclusions will be drawn by the directors of the republic organs of state transport management, which will gather in Tbilisi on 24 September for a few days. After this, it rests with the USSR Committee for Operational Management of the National Economy.

And so, let us wait until the end of the month.

## Rescue Service Needs Sponsors

924A0065A Moscow VODNYY TRANSPORT  
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[Article by N. Pronin, chief of the Murmansk Basin Emergency Rescue Special Administration, and V. Blinov, VODNYY TRANSPORT correspondent: "How To Rescue... the Rescuers"]

[Text] Fate was preparing a vessel, which bears the name Spalmatori, to end its life at a coastal base. No, no special credit was reckoned for the Spalmatori. The people, who had simply salvaged it in 1969, had managed to adapt the vessel for their needs on the bank. A building took root in the asphalt. During the more than 30 years that have passed, much water has flowed in Kola Bay which splashes in the vicinity, but the Murmansk ASPTR [Emergency Rescue Ship Repair and Underwater Technical Work] Dispatching Detachment did not provide itself with an office more reliable than the Spalmatori. You see, 80 percent of the profit earned by the rescuers annually goes to the state budget punctually. Different times have arrived: Today, the state has sent out a call everywhere, including to the rescue "facility"—Earn your own livelihood!—and they are earning it; they are forced to earn their own assets by towing operations and transshipments to the unequipped Arctic shore. Here, the question arises: Will the service fulfill its sacred task—to rescue—if the economic system forces it to engage in commerce? Generally speaking, why is it necessary in such an exchange? The market does not pose simple questions and it is impossible to solve them with carbon-paper, especially in such a delicate matter as the saving of people's lives and the saving of nature itself.

The saying: "A fellow does not cross himself until it thunders," directly pertains to the USSR State Maritime Special Service and its basin emergency rescue special subdepartments (BASU). There was a peal of thunder with the Admiral Nakhimov's loss. Although a serious accounting was made of the Black Sea rescuers for the slowness and confusion in providing help to those undergoing the disaster, it was evident that new tragedies were unavoidable because of our attitude toward organizing and supporting rescue services. The misfortune urged on the process of strengthening the material base even that of the Murmansk ASPTR (the present BASU) Dispatching Detachment, which is far from the Black Sea. Three modern special vessels, on whom the duty had been placed to help not only people who had gotten into trouble but also the sea in the event of an oil spill, arrived to replace the single rescue-boat which only remained to be sold for scrap metal.

A quite fresher event—the adoption of the 15 January 1991 USSR Council of Ministers Decree No 48—was another count-down in the radical restructuring of the entire rescue system. It dotted the i's and, furthermore, almost the main one: How will the rescue subunits in the country's basins be financed so that they will have a

capability to carry out their real duties? For some reason, the Council of Ministers modestly avoided this painful question.

The chiefs of the shipping companies and ports, directors of ship-repairing yards, trade union leaders, and other responsible people assembled during February in the USSR Ministry of the Maritime Fleet to determine ways to implement the government's decree affecting the rescuers' fate. A key point was formulated here: The Main Economic Administration of the Ministry of the Maritime Fleet and the Main Maritime Special Service were directed to prepare and send to the government prior to 1 June suggestions for favorable taxation of the basin administrations, considering their noble but unprofitable mission. Alas, this period has expired and things are not moving—the suggestions for the Cabinet of Ministers about preferences for the rescuers have gotten stuck somewhere. But, on the other hand, a ministry order, which sensibly assigns in detail who should undertake what, was born during the implementation of the country's Council of Ministers decree. However, I would like to ask a question of the Ministry of Maritime Fleet, the ASSOS [Association of Soviet Ship Owners] and those who signed the decision of the February meeting, comrades K. Matskyavichus and O. Terekhov: Will not the same fate befall the new and very sensible order that befell the decisions of the all-union meeting in February?

It is not an idle question since the very fate of rescue subdepartments is being decided today. In connection with this, I would like to share a point of view on the future of maritime rescuers which, possibly, will seem to be extremely radical. Nowhere in the world do rescuers earn their own living. On the contrary, sponsorship, which permits them to concentrate on their main activity and to maintain their readiness in the event of a disaster, is well-developed almost everywhere. One can judge using Norway. Fourteen state subdivisions in the event of an oil spill in the sea exist in this country which is small in comparison with us. Moreover, all the oil companies, having pooled their capital, have established a private company to eliminate oil spills. Another 13 highly specialized rescue depots operate on its basis.

In Murmansk, they are not simply inducing our only subdivision to engage in collateral activity but they are even imposing high state taxes on it. This is why even the instructions, which the branch meeting developed and which are hanging in the air, seem like a half measure to us. It is not necessary to talk about preferential taxes for rescuers but—as environmental protection organizations that are responsible not only for today's rather destroyed ecology of ours but also for the future's—about their complete liberation from this burden.

This is not philosophizing: The search for oil on the shelf of the northern seas is on the point of developing into industrial extraction. It is not possible to avoid accidents leading to oil spills with our scale of work and traditional carelessness. Who will save the sea if the only LRN

[expansion unknown] service in the basin does not have a capability to prepare carefully for a disaster? The more so since, besides it, all the others are anxious about saving the sea only in words.

Let us return once again to the experience of the Norwegians. Before a company receives permission to drill in the sea, it must complete a number of requirements: acquire barrier booms for possible oil spills and pumps to remove the oil, charter collector ships to eliminate pollution.... What about our Arktikmorneftegazrazvedka? Of the billions that have been released to develop the sea's shelf, practically nothing has been spent on acquiring equipment to eliminate oil spills—and they are not burning with a desire to acquire it, having a formally irrefutable argument: The USSR State Maritime Emergency Rescue Special Service exists for this. It seems that the title itself explains everything. But not everything.

Yes, the subdivisions included in the mentioned service are responsible for the sea water's purity; however, you will not prevent a disaster by responsibility alone. You see, only the function of eliminating oil spills has been placed on the BASU; however, there is simply no plenipotentiary agency monitoring the activity of organizations that permit oil pollution. Here, also, there is a kind of logic: Although the maritime special service is a state service according to its status, it exists on the basis of one ministry—the maritime fleet and that is why it does not have a right to give instructions to Ministry of Petroleum and Gas Industry subdivisions. It seems that this is the reason it is so lacking in power and is in general ill health regarding financial support.

Here, we have arrived at the main thing. The absence of a single state policy for insuring safety in the rapidly developing maritime oil drilling activity and of a policy for effective ecological monitoring in navigation threatens nature in advance with irreplaceable losses. The situation must be immediately changed. A way out is seen in the establishment of a State Committee To Eliminate Oil Spills that will be responsible for monitoring all departments involved in this type of pollution. Moreover, it is necessary to impose on the latter their share of its financing so that they will sense their responsibility to the new committee (and this means, to all nature)—not only by deductions but also by direct transfers of fines for oil spills to the committee's budget.

Besides petroleum workers, there are quite a few of these "sponsors" in the North alone: sailors, fishermen, military forces, border troops... then, the maritime special service will move from the suspended condition of a state agency with a departmental affiliation to a stable independent position, including a financial one, by its inclusion in the new committee. Its subdivisions in the local areas will finally receive an opportunity to engage in their direct work—the saving of people, property and nature during accidents and shipwrecks.

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